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NEWS SUMMARY

GENERAL

Ireland arrests IRA man Tuite

Suspected Provisional IRA bomber Gerard Tuite, described by UK police as "public enemy No 1" and a "dangerous and dedicated terrorist," was arrested by Irish Special Branch with two other people at Drogheda, Co Louth, Irish Republic.

Tuite, 26, tunnelled from Brixton Prison in November 1980 with two other prisoners while awaiting trial on bomb-plot and arms-possession charges.

He is expected to appear at Dublin's no-jury anti-terrorist Special Criminal Court today. The UK Director of Public Prosecutions is considering whether to apply for extradition.

Detective killed

A detective constable was shot dead and another was slightly injured whe nthey challenged two men armed with handguns who stole the payroll of Chamberlain Phipps wallpaper factory, Bishop Auckland, Co Durham. Two men were helping police inquiries.

Queen for Ottawa

The Queen is to visit Ottawa in the next few weeks to marks "patriation" of Canada's constitution. The Canada Bill is expected to be enacted in London before the end of March.

Medal record

A record £32,000 was raised for eight medals, including the only Victoria Cross won on D-Day, auctioned at Sotheby's by the widow of Company Sgt-Maj Stan Hollis of The Green Howards.

Tonga cyclone

Five Australian Air Force aircraft carried relief supplies to the Pacific island of Tonga where at least two people died in a cyclone.

Blaker libelled

Armed Forces Minister Peter Blaker, MP for Blackpool South, is to receive substantial libel damages for allegations made in Private Eye, in 1980 when he was Foreign and Commonwealth Minister.

BL launches car

BL's five-model range hatchback car called the Ambassador, costing between £5,105 and £7,765, goes on sale today. Page 7

Thorpe resigns

Jeremy Thorpe, former leader of the Liberal Party, resigned as director of the British section of Amnesty International. Page 6

Cricket rebels

The Test and County Cricket Board's executive committee will make recommendations to its full board on England's 12 rebel players in South Africa and on the planned summer tours here by India and Pakistan on Tuesday after meeting yesterday and today.

Oil rig found

Divers found the U.S. oil rig Ocean Ranger lying upside down in 80m of water 90m east of the well it was drilling off Newfoundland.

Aircraft sales

The Reagan Administration is easing controls on sales of civil aircraft to Syria and South Yemen.

Bikini King freed

Kidnapped Italian industrialist Giovanni Piazzalunga, the Bikini King, was freed on payment of a £660,00 ransom, after being held in a cave for five months.

Peru emergency

Peru declared a state of emergency in Avacucho province where guerrillas freed more than 200 prisoners from jail

BUSINESS

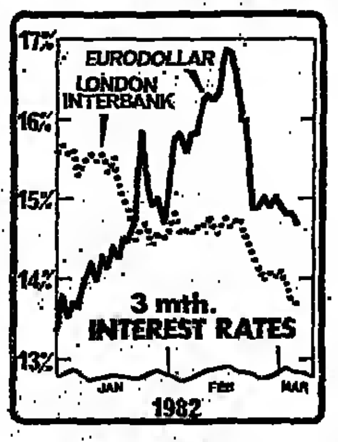
Gold off $9.25; dollar falls

● GOLD fell $9.25 in London to close at $344.25, its worst since September 1979. In New York the March Comex close was $343.9. Page 22

● DOLLAR slipped to close in London at DM 2.3635 (DM 2.3715) and SwFr 1.87 (SwFr 1.8785), but firmed to Y236.7 (Y236.25). Its trade-weighted index was 113 (113.1). Page 22

● STERLING rose 50 points on the day to close in London at $1.828, and to FFr 11.0575 (FFr 11.045). It fell to DM 4.3225 (DM 4.325) and SwFr 3.42 (SwFr 3.425). Its trade-weighted index was 91 (90.8). Page 22, Feature Page 7

● LONDON three-month interbank rate eased to 13⅞ per cent from 13¾ per cent as three-month Eurodollars continued lower. Page 22



● EQUITIES buying was encouraged by falling interest rates and the FT 30-share index closed 1.5 up at 556.7. Page 32

● GILTS: the Government Securities Index rose 0.47 to 67.89. Page 32

● WALL STREET was 6.47 down at 808.69 near the close. Page 26

● TOKYO SHARE prices plunged, wiping out most of the previous day's sharp rise. Page 26

● JAPAN has stopped Japanese investors buying of zero coupon Eurobonds. Page 25. At next week's OECD meeting Japan will seek to lower its rate for export finance loans to member countries. Page 5

● SOUTH AFRICAN banks increased prime rate to a record 20 per cent. Page 3

● U.S. TOP BUSINESSMEN appealed to President Reagan to radically change economic policy to avoid prolonged recession and high interest rates. Back Page

● BRITISH RAIL's short-term borrowing limit is to be increased tn £150m from £110m to help it cope with the £75m loss in revenue from the recent strikes. Back Page

● BP CHEMICALS' fight to stop the EEC threatening its synthetic alcohol business by distilling large quantities of surplus wine into pure alcohol will be backed by the Government. Back Page

● TOTAL OIL's refinery subsidiary, Compagnie Francaise de Raffinage, reported a loss of FFr 1.2bn (£108m), compared with a net profit of FFr 97m. Page 24

● LIQUIDITY of the company sector fell sharply in the last quarter of 1981. Back Page

● RENTOKIL reported higher pre-tax profits of £14.2m (£12.82m) for 1981. Page 19

● MITCHELL COTTS, the engineering and transport group, improved taxable profits to £4.32m (£3.58m) in the six months to December 31. Page 18

● DEREK CROUCH, the mining, engineering and construction group, reported lower taxable profits of £2.47m (£3.04m) for last year. Page 18

● RANSOMES SIMS and Jefferies, the machinery maker, increased pre-tax profits to £1.14m (£659,000) in the second half of 1981. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr 14pc 1986	£98¼	+ ⅝
Exchqr 15pc '97	£108¼	+ ¼
Antofagasta Rly	£75	+ 10
Barratt Devs	261	+ 6
Eagle Star	391	+ 8
Hawtin	9	+ 1½
Heath (C. E.)	310	+ 10
Jenks and Cattell	49	+ 8
Land Securities	308	+ 7
Plessey	368	+ 5
Rediffusion	214	+ 7
Rentokil	162	+ 5
Royal Insurance	377	+ 14
Tavener Rutledge	32	+ 4
Trafalgar House	121	+ 5½
Wimpey (George)	101	+ 5

FALLS

Thorn EMI	433	− 10
Whitbread A	98	− 4
Berkeley Explor	263	− 12
KCA Intnl	90	− 8
Ultramar	370	− 15
Cons Gold Fields	377	− 21
Doornfontein	616	− 71
Hartebeest	£20¾	− 1¼
Libanon	602	− 85
Rustenburg Plat	166	− 12
Vaal Reefs	£25½	− 1¼

Multinationals see threat in proposed tax-avoidance law

BY DAVID FREUD

MAJOR multinationals in the UK warned yesterday that they would consider moving their financial operations out of the country if proposed legislation on international tax avoidance was included in Tuesday's Budget.

Among the companies concerned at the way the legislation would affect them are Shell, BAT Industries, ICI and Unilever.

The draft legislation was published in December and is intended to control international tax avoidance.

It incorporates a change in the way the residence of companies is defined, and provisions for taxing loans transferred across national boundaries within a group.

In the past fortnight bodies such as the Confederation of British Industry, the 100 Group and the Institute of Directors have written to the Chancellor urging him not to include the measures in the Budget.

Under Inland Revenue plans part of the legislation, that on inter-group loans, would go into effect next month, and yesterday's attack by the multinationals was a last attempt to persuade the Chancellor not to go ahead.

Mr Roy Tracey, head of taxation at Unilever, said yesterday: "The legislation is far too widely drawn. It has a considerable impact on the way international businesses operate.

"It goes far beyond any attempt at combating pure avoidance.

"It will make us all seriously reconsider and look at parts of our operation."

Mr Hugh Roe, taxation controller at ICI, said: "The likely effect would appear to be that people would look for the opportunity to use funds outside the UK rather than inside, and this will cost the UK income, as well as employment opportunities."

He added that if the proposed clauses were included in the Finance Bill, it would probably prove impossible to amend them to "a satisfactory state."

Mr Dick Esam, head of group taxation at Shell, said: "Offshodre loan legislation would introduce an unnecessary inflexibility into the group's financial arrangements, and would undoubtedly result in a reluctance to bring funds to London as freely as at present.

"For many years Shell has operated as a sterling group, to the mutual benefit of itself and the UK Treasury."

BAT Industries said: "From discussions with other international companies it is clear that, on worst construction, they would have to move many of their financing activities of non-sterling companies to places outside the UK."

Apart from the trading multinationals, there is widespread concern within the financial institutions that foreign funds might be frightened out of the City of London.

One leading merchant banker said yesterday that agreement on several management contracts for overseas funds had been delayed by the threatened legislation.

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Begin attacks Mitterrand stand on Palestine state

BY DAVID HOUSEGO AND DAVID LENNON IN JERUSALEM

PRESIDENT François Mitterrand of France yesterday told the Israeli parliament that he supported the eventual creation of a Palestinian State and the participation of the Palestinian Liberation Organisation (PLO) in peace negotiations.

Claiming to speak as a friend of Israel, he lived up to his commitment that France would advocate in Jerusalem the same policies for the Middle East that it has been voicing in the Arab world.

M. Mitterrand, on the second day of a state visit to Israel, immediately came under attack by Mr Menahem Begin, the Israeli Prime Minister. Mr Begin asked whether France could be serious in supporting the "horrendous design" of a Palestinian state that sought Israel's destruction.

At a joint press conference with Mr Begin, President Mitterrand referred to "fundamental differences of view" with the Israeli leader over the Palestine issue. M. Mitterrand indicated, in particular, that he was unconvinced by Mr Begin's autonomy plan for the West Bank. Though Mr Begin bluntly stated his views in private to M. Mitterrand at their press conference the two leaders maintained their good humour.

In private discussions Mr Begin had made strong efforts on Wednesday to dissuade M Mitterrand from open support of Palestinian independence during his speech to the Israeli parliament. The President, however, would have lost much credibility in the Arab world—which last year bought more than two-thirds of France's arms exports—if he had backed away in Israel from French policy on the Palestine issue, as recently explained to Arab governments.

As it was, M Mitterrand was careful with the two issues most sensitive to Arabs and Israelis. He went marginally further than his previous declarations (though not further than those of M Claude Cheysson, the French Foreign Minister), in speaking of a Palestinian "state." But he tried to soothe Israeli fears by speaking of it as though it was a distant prospect at the end of a long dialogue. He said that dialogue supposed "prior mutual recognition of each other's right to exist," and that both sides could pursue this right to its conclusion. In the case of the Palestinians that, "could at an appropriate time mean a state."

The President got a warm reception, nevertheless, from the parliament which was resigned to unpalatable remarks from him about Palestine. What has counted in M Mitterrand's favour has been his obvious personal warmth for Israel and the fact that his visit is the first by a European head of state to this country—ending, in France's case, 14 years of strained relations.

On Middle East issues, the Israeli leadership has appreciated M Mitterrand's assurances that France would oppose any European attempt to dictate a Middle East solution.

Renault reports £82m loss

BY TERRY DODSWORTH IN PARIS

RENAULT, the nationalised French motor group, lost about FFr 900m (£82m) last year as production fell by about 12 per cent and exports by 16 per cent.

The loss compares with a consolidated net profit of FFr 638m (£58m) in 1980, when the group rode the downturn in the motor industry more effectively than did most of its rivals. For 1981, it is still likely to do significantly better than the Peugeot group, its main competitor in France, which is expected to declare in the spring consolidated losses of about FFr 1.3bn.

According to preliminary estimates given by M Pierre Souleil, finance director, Renault achieved sales of FFr 88bn (£8bn) last year against FFr 80.1bn in 1980. Some FFr 62bn of this was attributed to the car division, which was helped significantly towards the end of last year by the launch of the Renault 9 model.

Despite the recession, however, Renault continued last year with its aggressive investment programme, pushing group spending up to FFr 8bn, compared with FFr 6.7bn in 1980 and FFr 4.5bn in 1979. Of this, FFr 5.9bn was injected into new models and productivity, mainly at the R9 plant at Douai, which uses robots extensively, in the biggest acceleration in investment since the 1970s.

The group is expected to maintain this rate of expenditure, reaching about FFr 10bn next year as it presses on with its overseas expansion and the progressive launch of its new range of low-consumption models.

To finance its expenditure, however, Renault has had to lean more heavily on borrowings, which rose to FFr 8.5bn last year, while the internally-funded proportion of its spending programme fell from 80 to only 50 per cent.

No new equity funds were subscribed by the French state in 1981, but Renault is due to receive FFr 1bn this year, compared with figures of between FFr 100m and FFr 350m in most years during the last decade.

The group's commercial vehicle subsidiary, RVI, which has suffered from an acutely depressed market in France, is expected to declare losses of around FFr 100m for 1981.

£ in New York

—	Mar. 5	previous
Spot	$1.8230-8245	$1.8135-8150
1 month	0.10-0.15 pm	0.07-0.12 pm
3 months	0.48-0.53 pm	0.41-0.46 pm
12 months	2.50-2.30 pm	1.85-1.95 pm

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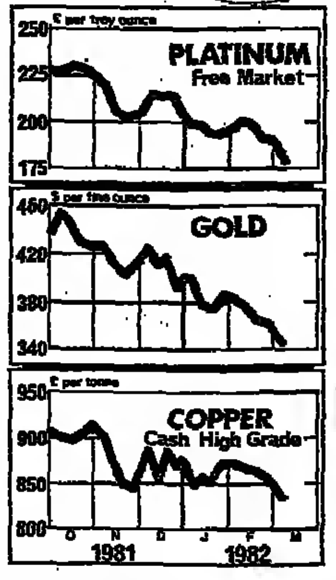
For latest Share Index phone 01-246 8026



Gold leads fall in metal prices

By David Marsh

GOLD, silver and platinum yesterday tumbled to their lowest levels for several years as the twin influences of recession and the recent period of high interest rates forced further selling.

Renewed weakness of metals prices came in spite of a slight weakening of the dollar against sterling and the D-Mark. The pound maintained its pre-Budget firmness, closing in London 0.50 points higher at $1.8280.

Gold led the metals price fall, dropping beneath the $350 per ounce level for the first time since September 1979. It closed in London $9.25 lower at $344.25.

The price drifted down steadily throughout the day. Dealers said offloading from the two main producers, South Africa and the Soviet Union, together with further disposals from disappointed investors in the Middle East and elsewhere, was still depressing the price.

In spite of the price drop of 60 per cent in just over two years, demand from private speculators and the jewellery trade has failed to pick up significantly. Would-be purchasers are waiting for the price to dron even further.

The spot silver price followed gold down to a close of $7.525 per ounce in London, the lowest since early 1979, compared with $7.695 on Wednesday.

Platinum was also depressed, following a further $10 to $326.50 per ounce, the lowest since end-1978.

On the London Metal Exchange, precious metals weakness spilled over to depress high grade copper, where the cash price fell £6.25 per tonne to £833.75.

On the foreign exchanges, the dollar closed at DM 2.3625 (DM 2.3715), but was slightly firmer against the yen at Y236.70 (Y236.25).

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Go-ahead for direct satellite broadcasting

BY GUY DE JONQUIERES

PLANS for a £150m privately-financed British satellite system were announced yesterday after the Government said it had decided in principle to authorise the start of direct broadcasting by satellite in 1986.

The proposed satellite system, which could beam broadcasting and telecommunications signals over an area several thousand miles across, would be a joint venture between British Aerospace, British Telecom and GEC-Marconi.

The project's backers said they were already in commercial negotiations with the BBC which, the Government indicated yesterday, is almost certain to be allocated the first two satellite broadcasting channels when they come into service.

The BBC said it planned two satellite channels. One would carry recent feature films, live sports events and cultural programmes and would be paid for by subscription. The other would draw on television material from around the world and would probably be financed out of a supplementary licence fee.

The services could be received either by individual roof-mounted dish aerials, measuring as little as a metre across, or by bigger earth stations connected to cable television networks.

Mr William Whitelaw, Home Secretary, told the Commons that while the Independent Broadcasting Authority and commercial television companies had shown some interest in satellite services, their plans were less advanced than those of the BBC.

More time and new legislation would be needed to devise the right framework for their participation. "In these circumstances the Government believes the right course, if the necessary early agreements are to be reached between satellite providers and users, is to authorise a go-ahead with the BBC proposals," Mr Whitelaw said.

But the Government believed it was important for commercial television companies to participate, and its proposals would leave them ample future opportunities. Mr Whitelaw said international agreements entitled Britain to five television channels via satellite.

British Aerospace, British Telecom and GEC-Marconi plan to form a joint company, United Satellites, in which they will take equal shares. They said they had not yet decided how to finance the project but had asked N. M. Rothschild, the merchant bank, to investigate leasing arrangements.

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The BBC steals a march, Page 16
Tory concern, Page 8

North Sea oil production estimate increased

BY RAY DAFTER, ENERGY EDITOR

THE Government has increased its estimate of UK North Sea oil production over the next few years.

Mr Nigel Lawson, Energy Secretary, told the Commons yesterday that by the mid-1980s Britain could be producing as much as 130m tonnes a year—2.6m barrels a day compared with the present rate of about 1.9m b/d.

In 1985 this could be more than 50 per cent higher than the country's consumption, according to industry forecasts.

The revised forecast will help to counter Treasury disappointment about falling oil prices and tax revenues. It also reverses the recent trend. During the past few years the Government has been forced repeatedly to downgrade production forecasts in the light of delays to field development programmes and production problems.

Mr Lawson has still to announce the Government's depletion plans for regulating the rate of output. It is expected that companies will be given a free hand to produce oil as quickly as they wish.

The latest projections indicate that production this year will fall in the range of 90m-105m tonnes. Output will rise gradually to 90m-115m tonnes next year, 95m-125m tonnes in 1984 and 95m-130m tonnes in 1985.

Last year the Government was forecasting that output would build up to 85m-110m tonnes this year, 85m-115m tonnes next year, and 90m-120m tonnes in 1984.

BNOC expands overseas, Page 7
Thatcher welcomes oil price cut, Page 8

Britain faces court for breaching sex discrimination laws

BY JOHN WYLES IN BRUSSELS

THE BRITISH male's alleged unequal opportunities to qualify as a midwife or to practise "charring" are among reasons why the UK is being taken to the European Court along with Belgium and Italy for breaching EEC laws on sex discrimination.

The European Commission, on the recommendation of Mr Ivor Richard, the Social Affairs Commissioner, has agreed to launch these first equal opportunities cases at the court because of alleged shortcomings of the laws in the three member states on equal access to employment and vocational training.

The Council of Ministers adopted a directive in this area in 1976, and the three are being accused of failing to bring their national legislation into line with EEC requirements.

As far as the UK is concerned, the Commission's main target is the provisions of the Sex Discrimination Act. The Commission claims that the Act ought to, but does not, outlaw sex discrimination clauses in collective agreements. In addition, some of its exemptions to the equal treatment requirements breach the EEC directive.

The Commission cites in particular barriers to men training as midwives and the fact that equal opportunity is not guaranteed in household employment—thus protecting the charlady against effective competition from charmen.

The British Government refuses to accept that it is guilty of anything. It says that its Act cannot govern collective agreements because these are not legally enforceable in the UK. However, individual rights to fair and equal treatment are guaranteed by the legislation.

The law banning males from midwifery was effectively removed in 1976, say the British.

As far as discrimination in favour of charladies is concerned the British view appears to be that people should have the right to decide who works in their homes and that the vast majority already discriminate in favour of women, whatever the law says.

Belgium, meanwhile, stands accused of failing to enforce through its laws the directive's provisions ensuring equal access to vocational training and guidance.

Italy is indicted for not applying the principle of equal treatment to all conditions of employment and for failing to ensure that adoption leave is granted on equal terms to the adoptive father and mother.

Free trade assurances sought from Mauroy

BY JOHN WYLES IN BRUSSELS

M PIERRE MAUROY, the *French Prime Minister*, will be asked in Brussels today to give the European Commission fresh assurances that France's planned "reconquest of the domestic market" will not breach EEC free trade and competition rules.

A visit by a prime minister of a member state is an unusual event for the Commission and M Mauroy's encounter will be partly formal and partly working.

Although his discussions with the 14-man Commission will also cover North-South issues and aspects of the Common Agricultural Policy, it will not be surprising if the revival plans for five French industries do not dominate the talks which are due to last most of the morning.

Ever since these were first sketched out by Paris in December, the Commission has been under pressure from other member states to make sure that France does not stray beyond the EEC's legal limits.

The first reaction of Commission officials was to conclude that the French plans could pose a serious threat to free trade in leather shoes, textiles, machine tools, children's toys and furniture. These are the main products of the five industries at the centre of the government's strategy.

However, France handed over more detailed plans to the Commission on January 20 which are still being studied. After receiving strong assurances from Paris, officials are now less worried about the *possibility* of de facto import restrictions but they are more concerned about the extent and variety of financial aids which are planned.

In particular, it is thought that proposals to relieve textile employers of some social welfare payments could amount to operating subsidies which may breach the EEC's rules on government aids. As a result, the Commission is seeking further information from Paris.

In the meantime, Paris has already been warned by M Gaston Thorn, the Commission President, that the Commission will want advance notification of all aids so that they can be scrutinised before implementation.

Cockerill-Sambre, Belgium's troubled state-owned steelmaker, said yesterday that the possibility of a link between its Valfil wire-making operation in Liege and the Netherland's Hoogovens steel producer is not being actively negotiated, writes Giles Merritt in Brussels.

The idea of a transnational joint venture in which Hoogovens' coastal steelworks at IJmuiden would supply sophisticated long products for transformation by Valfil was raised earlier this week by Viscount Etienne Davignon, the Belgian EEC Commissioner who holds the industry portfolio.

A Cockerill-Sambre spokesman, however, yesterday described Viscount Davignon's remarks concerning a link-up with Hoogovens as "premature," and emphasised that no discussions have taken place on the matter between the two companies. He added that Estel, the holding company that until recently linked Hoogovens with Hoesch of West Germany, does hold a 5 per cent stake in Valfil.

Western nations defer meeting on aid to Turkey

BY DAVID TONGE

WESTERN countries have decided to defer a meeting pledging aid to Turkey. They fear that European concern over human rights under General Kenan Evren could cause some countries to reduce their aid offers.

Last May 17 countries, led by the U.S. and West Germany, agreed on a $1bn (£527m) package to help Turkey's economic recovery.

The countries argue that Turkey's much improved economy means that it can easily weather any delay in the pledging session until, say midsummer.

Turkish officials have been pressing for the pledging session, arranged under the aegis of the Paris-based Organisation for Economic Co-operation and Development to be held as early as possible. Latest forecasts for 1982 show that the country's current account deficit may fall as relatively low as $1.5bn; last year it was around $2.4bn.

The OECD this week agreed details of a report underlining the progress made by the economy since it started its economic stabilisation programme in January 1980.

Wave of strikes sweeps Europe

PORTUGAL'S harbour pilots began a 72-hour strike yesterday, virtually paralysing the country's ports, as opposition parties renewed their attacks on the right-wing Government in a censure debate, Reuter reports from Lisbon.

The pilots, who have been stepping up their action in a three-week dispute over overtime payments, have pledged to go on indefinite strike next week if their demands are not met.

Travellers can expect more problems as train drivers continue a string of one-day strikes with stoppages on Sunday and *Tuesday*.

The Democratic Alliance government of Prime Minister Francisco Pinto Balsemao has a comfortable majority in parliament and is unlikely to lose the censure vote.

Sr Mario Soares, the Socialist leader, said: "The government has neither policies nor plans."

He attacked the alliance's inability to control inflation which is running at around 24 per cent, while other deputies cited increased health charges, food price rises, and a 17 per cent ceiling on wage rises as reasons for discontent with the alliance.

● In the Netherlands, three of the four national newspapers failed to appear yesterday because of a 24-hour strike by printers protesting against government plans to cut sick pay by 8 per cent on April 1, Reuter reports from Amsterdam.

The employers said about half of the 45,000 workers in the printing industry took part in the stoppage. Most regional papers were unaffected.

● In Spain, a strike by 304 flight mechanics forced the Spanish national airline Iberia to suspend 40 flights yesterday, AP reports from Madrid.

The walkout over working conditions resulted in cancellation of international flights to London and Paris, the airline said. It said domestic flights to Barcelona, Bilbao, Malaga, Seville, Alicante, Valencia, Oviedo and Santiago de Compostela were also suspended.

The airline said it expected to restore some flights by using DC-9 jets that do not require a flight mechanic aboard.

A spokesman for the mechanics declined to say how long the strike would continue.

● In Italy, a workers meeting at Montedison Spa's Brindisi plant called a strike from last night until Monday morning to protest against company plans to lay off 900 of the 4,300 workers, Reuter reports from Brindisi.

In Rome, Sig Giorgio la Malfa, budget minister, said after a meeting with unions the Government asked Montedison to suspend its aim of making a total 2,000 redundant, mainly in the country's south.

ENI, the State-owned energy corporation, and Montedison are discussing a plan to rationalise the country's chemical industry which could involve ENI taking over the Brindisi works and other raw chemical plants, but no decision has yet been taken.

● In West Germany, some 15,000 metalworkers staged warning strikes yesterday for the third straight day, to press demands for wage increases of up to 7.5 per cent, their union said, AP reports from Bonn.

IG Metall, West Germany's biggest industrial union, said the warning strikes were centred in the states of Baden-Württenburg, North-Rhine Westphalia, and Hesse.

Workers abandoned plants to take to nearby streets with marches and rallies denouncing management's offer of a uniform 3 per cent wage rise in all negotiating districts.

The 3.8m members of IG Metall work in a number of key industries, including cars, machine-building and electronics.

Last year, during bitter wage talks, IG Metall staged almost daily warning strikes accompanied by marches and rallies aimed at attracting Press, television and public attention.

The employer's organisation *unsuccessfully* tried to block the tactics in court.

MOVE TO COMBAT UNEMPLOYMENT

Bonn to introduce early retirement scheme

BY JAMES BUCHAN IN BONN

THE WEST GERMAN Government is preparing legislation for an early retirement scheme which could free up to 500,000 jobs for young people.

The scheme, announced by the Labour Ministry this week, is one of several radical *approaches thrown up by the* fierce debate over West Germany's record unemployment. Last month, unemployment registered a very slight fall of 0.7 percentage points against the January level, according to figures released yesterday by the Federal Labour Office.

The drop to 1.93m unemployed, or 8.1 per cent of the labour force, is the first break in the rising trend since September, but is largely attributable to an upswing in economic activity after the severe winter weather. The number of unemployed under 20 in February, at 165,000, remained practically unchanged.

The Labour Ministry announced this week that it would shortly present a Bill that will permit workers electing to retire at 58 to receive two-thirds of their last net annual income until they become eligible for formal pensions at the age of 63.

The usual retirement age for men in West Germany is 65, but employees have been able to draw pensions at 63.

The Ministry reckons that of some 900,000 employees between 58 and 63, around 500,000 will take advantage of the offer, thus creating a theoretically equal number of vacancies. The crux of the scheme, which is based on a model put forward by the food, drink and hotels trades union, is how it will be financed.

The cost of the scheme for each employee, some 68 per cent of his last net income plus social security payments, is to be divided equally between the state, in the form of the Federal Labour Office, and the employers. The Ministry believes that the Labour Office will not suffer additional costs because of savings in unemployment benefit.

As for the employers, who must also shoulder new training expenses, the scheme's supporters hope that the burden can be shared with employees through a commitment to lower wage settlements from the trade unions.

The employers however, are deeply unenthusiastic. The West German Employers' Federation argues that the scheme, if adopted, will place such a severe burden on companies that any positive effect on the labour market will be wiped out.

At the same time, in the middle of national wage round where the employers are struggling to secure a settlement in the 3-4 per cent range, they are unwilling to admit that any room for manoeuvre exists.

Other opponents of the scheme argue that at least a part of the high unemployment level can be traced back to the baby boom of the post-war era and that the falling birth-rate since then will work its way into the labour market towards the end of the 1980s.

Spadolini suggests severance pay reforms

BY RUPERT CORNWELL IN ROME

SIG GIOVANNI Spadolini, the Italian Prime Minister, has at the eleventh hour, brought forward *compromise* proposals for a reform of severance pay legislation.

The scheme is an attempt to *avert a referendum* on the issue, which would otherwise be held this spring. In the event of its passage, the consequences would, in the Prime Minister's words have *been* "an extra L25,000bn (£11bn) of labour cost for industry, and national bankruptcy."

Severance pay, *amounting* to roughly one month's pay for every year worked, is standard for all Italian employees. But since 1977 it has been linked only to basic salary, excluding subsequent pay increases due to the *Scala Mobile* system of automatic wage indexation.

Over the last five years these have added L412,000 to the monthly pay packet, a sum in the case of many workers equivalent to 40 or even 50 per cent of their average earnings.

Last year, however, the tiny left-wing Democrazia Proletaria (DP) Party successfully sponsored a referendum to rescind the 1977 law, thus restoring at once the system whereby the liquidation was calculated on total monthly wages, including their indexation component. Given the attractions, its success was a foregone conclusion.

The burden, however, on the already stretched finances of both private and public sectors here could not have been sustained adding, it has been reckoned, a further 10 per cent to total labour costs.

Sig Spadolini has, therefore, come up with his own solution. It calls for the frozen element to be phased back into severance or "liquidazione" payments in 12 quarterly increases over three years. The sums would be only partially protected from inflation, while taxes would be paid each year on the sum set aside by employers for their workers.

Even so, industry remains doubtful about the proposals. The first calculations by Confindustria, the employers' federation, indicate that they could add an extra 2.5 per cent to costs in 1982 alone, at a time when Italian companies are fighting desperately to restore their international competitiveness.

The unions, however, seem ready to accept the package, as does the Communist opposition in parliament, albeit grudgingly. It is now up to the Prime Minister to push the proposals through the Cabinet. If this can be done by mid-month, and a new draft bill presented to *parliament*, then the referendum will not take place.

Parliament must also see the 1982 Finance Bill, on which its hopes of containing the public deficit this year within the ceiling of L50,000bn are largely pinned safely on to the statute book. Squabbling between the five coalition parties *has thus* far prevented its passage.

Giovanni Spadolini

Contemporary Italy explodes many popular myths

BY OUR ROME CORRESPONDENT

GIUSEPPE MAZZINI, spiritual father of Italy's 19th century independence movement, once observed that the future of the fledgling nation was the future of its depressed Mezzogiorno. The first results of last October's national census have given his words a prophetic ring.

The country which emerges from the initial batch of arid figures and graphs released by Istat, the central statistics institute, is one which bears out some of the world's fondly-held myths about Italy, but which firmly debunks others.

If small is as emphatically beautiful as everyone suspected—the average number of workers in its 950,034 classified industrial concerns is a mere 7.4—then the image of a country teeming with large families of adored children is in need of much correction.

Spoilt they may be, but their numbers grow relatively fewer. Thanks to a declining birth rate, Italy's population grew by only 3.9 per cent between 1971 to 1981, to stand at 56.2m by last October, compared with a growth of 6.7 per cent in the previous decade.

Overshadowing all else, however, is the statistical proof that the golden age of the north and *its big industry*, fuelled by *emigration* from the south, is over. True, the north still contains 45 per cent of the total population, and 53.5 per cent of all industry, but over the last decade its population grew just 2.6 per cent. In the Mezzogiorno the gain was 5.3 per cent.

The big Italian family is largely a thing of the past, but if the species is to be found, it is best sought in the south, where the average family unit is still 3.3 persons, compared with 2.8 per cent in the north.

The north's cities, on which Italy's post-war development centred, are shrinking. In the period 1971 to 1981 Milan lost 97,000 inhabitants, Turin 64,000, and Genoa 56,000.

Naples also shed 16,000 inhabitants — although the casual visitor would not notice it—but *Bari, Cagliari and*, above all, Palermo showed population increases. So too did Rome, which added 48,000 to reach 2.83m—but then most people would consider the capital southern in all but location.

A richer Italy is also evident, less prepared to put up with the discomfort and disorders of big city life. Many of the smaller provincial towns in the north and centre have grown impressively, confirming the sensation that the heart of the country now beats in places like *Modena, Arezzo, and Reggio Emilia*, in regions such as Emilia-Romagna and Tuscany hitherto on the periphery.

But Italians not only live in smaller cities, but work in smaller companies. Over the decade the number of producing units climbed almost 34 per cent, but the total number of those employed in industry grew by only 11 per cent. Paradoxically it is only in the south where the average enterprise is growing slightly bigger.

Other figures also confirm the centrifugal forces at work in contemporary Italy. True, the country is in the grip of an acute housing shortage, but the total housing stock increased by 4.4m units in the decade, far more than the increase in population.

Sadly, however, for those desperately seeking a home of any kind in the cities, the overwhelming bulk of those 4.3m dwellings in the "non-occupied" category are in fact second homes. One family in four, it is reckoned, now possesses its house in the country or flat by the sea.

One other image may also have been dented by the census—that of the country perennial inefficiency. Despite arguments, complaints, and accusations that the exercise would prove a fiasco, the first comprehensive results have been published in little over four months. It is a performance that one or two other supposedly better organised countries might envy.

Lambsdorff warns on interest rate illusions

BY JONATHAN CARR IN BONN

COUNT Otto Lambsdorff, West German Economic Minister, has warned against "illusions" that a quick and durable fall in U.S. interest rates is likely.

The key lesson of this for the Europeans was to put their own economies in order, so that their domestic interest rates would tend to fall, Count Lambsdorff declared.

He made the comment in the West German parliament yesterday, following his return last weekend from talks in the U.S. with businessmen and senior members of the Administration.

Count Lambsdorff based his judgment about U.S. interest rates—which strongly influence the level of rates in Europe—on what he saw as a basic conflict between monetary and financial policy in the U.S.

What was needed, he said, was a financial strategy by the Administration which cut the federal budget deficit and did not leave the burden of fighting inflation on the shoulders of the Federal Reserve Board.

Instead there was an expansive financial policy and it was aimed to cut the budget deficit through future additional tax income—which, he added, was by no means assured.

Count Lambsdorff noted that at their summit conference in Paris last week, West Germany and France had agreed that European monetary policy co-operation must be strengthened.

The communiqué issued after the meeting, he said, had been misunderstood in the U.S. and elsewhere as meaning that Europe would fight high U.S. interest rates through imposition of capital controls.

There was no question of this, Count Lambsdorff went on, repeating a denial already issued last weekend by Herr Karl Otto Poehl, president of the Bundesbank.

Instead, the Europeans had to make clear to the Americans their views about the depressive impact of high U.S. rates. They had to make every effort to put their economies in order through stability-oriented financial and monetary policies and encouragement of structural change.

Count Lambsdorff was speaking at the start of a parliamentary debate on the Government's DM 12.5bn (£2.7bn) programme, announced last month, to encourage growth and create jobs.

He recalled that for the year, the Government expected real GNP growth of up to 1.5 per cent, an inflation rate averaging 5 per cent, and a total number of unemployed averaging about 1.6m.

Retail prices of French petrol fall

PARIS — French petrol retail prices fell yesterday for the *first time* in two decades as the Socialist Government moved to bring oil products into line with the European average.

The state price committee marked standard grade petrol down 5 centimes to around FFr 0.04 per litre and super grade was cut similarly. It also increased the cost of diesel and heating fuel by 1 and 2 per cent respectively.

Prime Minister Pierre Mauroy said that the decision, which was criticised by conservationists and some oil companies, brought the products into line with European prices as part of a new Government policy.

Oil products would reflect world crude prices, the European average level, and other factors, using a new mechanism worked out by the Government and oil companies, M Mauroy said.

Since 1964 petrol prices have been set to reflect only rises in world crude oil costs.

M Mauroy denied opposition charges that the cuts coincided with a nationwide local election campaign. He pointed out that the committee had raised electricity and gas tariffs by an average 10 and 7 per cent yesterday.

Reuter

W. Berlin earns currency for E. Germany

BY LESLIE COLITT IN BERLIN

WEST BERLIN'S location, 110 miles inside East Germany, has turned it into one of the nation's most lucrative hard currency earners.

East Germany last year received nearly DM 1.5bn (£357m) from the West German Government, as a result of the city's geographical situation.

The West German Government disclosed that the largest *single* payment to East Berlin was DM 525m for the use of the East German autobahn links to Berlin.

West Germany also paid East Berlin DM 347m for having the Helmstedt to Berlin autobahn repaved and DM 45m to speed West Berlin's rail service to the West across *East Germany*.

Bonn also remunerated East Germany for the locomotives which pull the three Western allied trains, which travel daily between the city and West Germany.

East Germany got DM 62.6m to dredge the canal system linking West Berlin with the West and to renovate a reopened Teltow canal in Berlin.

West Berlin, which itself is heavily subsidised by West Germany, paid East Germany DM 94m last year for services such as sewage and rubbish removal. The West German postal system transferred DM 96.5m to East Berlin for services rendered by the East in excess of those provided by West Germany.

Apart from nearly DM 2.5bn in payments related to West Berlin, the East German Treasury profited immensely from West Germany's desire to retain trade links between the two Germanies.

East Germany made use of DM 676m out of the annual DM 850m interest-free trade credit from West Germany, allowing the East to overdraw

Polish debt renegotiation: the soap opera that could run and run

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE LONG-RUNNING saga of Poland's debt renegotiation with the West has begun to resemble the worst kind of high budget, low quality soap opera.

As each thrilling episode draws to a close the audience is left on tenterhooks about another disaster looming round the corner. Everyone still clings to hopes of a happy ending, but it is a mighty long time coming.

This time the ending has been put off for at least several more weeks by Poland's inability to pay off all the outstanding interest arrears on its 1981 debt.

Last week the arrears were estimated between $50m and $90m, forcing banks to postpone the signing set for yesterday of an arrangement to defer repayment until 1988 of some $2.4bn in debts falling due last year.

Now the 500 banks concerned are once again locked into the frustrating situation of simply waiting to see whether the arrears will soon be made good. No rescheduling agreement for 1981 will be possible until the Poles pay.

Most bankers still hope that the arrears can be paid shortly. To keep up the pressure on Poland they are looking urgently at the possibility of setting a new cut-off date for checking that outstanding amounts have been paid.

If they manage this, a new date for signing the rescheduling agreement would move into prospect, but by now there could be little sense of triumph and achievement attached to any signing ceremony.

For one thing the affair has dragged on too long. It is almost exactly a year since Poland first approached the banks about rescheduling some of its $26.5bn in external debt. For another, the signing of an agreement covering principal repayments outstanding from last year opens the door to a new and equally thorny round of talks on deferring payment of some $2.5bn in debt due to banks this year.

At one stage bankers hoped that the agreement thrashed out in such tortuous detail for 1981 would serve as a model for rescheduling debts falling due in future years.

But the situation has changed dramatically because of the stalemate between Poland and Western governments on their own separate debt agreement.

Last April 15, leading Western creditor countries signed an agreement with Poland to defer repayment of some $2.5bn in debt due last year. This served as a lead to private bank creditors in their efforts to reach their own arrangement.

Since the military takeover in Poland last December the governments have refused to discuss any further rescheduling with Poland, so that when they look at the prospects for rescheduling 1982 debt maturities the banks are faced with the problem of going it alone.

Some banks already appear willing to reschedule on their own, but most agree that a collective agreement between all the banks involved and Poland remains impossible if the governments' position does not change.

Far-reaching disagreements thus seem likely to surface in early talks on 1982 rescheduling, although the incentive to find a compromise solution (involving for example a rescheduling arrangement conditional on eventual agreement being reached with the governments) will remain strong.

No bank yet wants to see Poland formally declared in default.

The banks' best hope thus seems to be that the governments will soften their hard-line. Officials of some of the countries involved are already beginning to doubt whether there is much point in maintaining indefinitely a policy of refusing to discuss rescheduling of official debt.

Despite the hawkish attitude of Mr Caspar Weinberger, the U.S. Defence Secretary, even the U.S. Government seems unwilling to declare a default. In this situation arrears on official debt are now being allowed to pile up almost unnoticed.

Some officials argue that forcing Poland to discuss these arrears with Western governments would be a more effective way of exerting political pressure on the military regime than ignoring them altogether.

But the willingness of Western governments to resume full-scale talks on rescheduling Poland's debts still appears to depend on significant political concessions by the military regime of General Wojciech Jaruzelski.

A relaxation of the regime's repressive policies would also be a vital prerequisite for any new lending.

Poland badly needs fresh money to restore its flagging economy. Indeed, says one banker closely involved with Poland: "It is hard to see how the country could service its debt even after rescheduling, if it has no access to fresh funds."

THE TASK-FORCE of Western banks spearheading debt negotiations with Poland yesterday set a new cut-off date of March 26 by which interest outstanding from 1981 must be paid, writes Our Euromarkets Correspondent.

The decision was taken at a task-force meeting in Frankfurt following assurances by Poland that it could meet the new deadline. Arrears still to be paid are thought to range between $50m and $90m.

If Poland meets this new deadline, signing of the 1981 rescheduling agreement could take place in early April.

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South African prime rate up to record 20%

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN banks have increased interest rates for the third time in a fortnight, taking their prime lending rate up one percentage point to a record 20 per cent. Prime rate stood at 17 per cent in mid-February, and has doubled in the past year.

The increases reflect a sharp rise in banks' funding costs. The money market experienced its tightest ever period last week, with short-term interest rates rising as high as 21.5 per cent. The market's shortage reached R1.2bn (£668m) at the end of February, compared with an average month-end shortfall last year of around R400m.

The sudden jump in lending rates is also a result of the abolition last month of the official link between the Reserve Bank's discount rate (bank rate), and the private bank's prime rate. In an apparent effort to escape the blame for high financing charges, the authorities now allow the banks to move prime rate at will.

The banks are still constrained however, by usury law limits which set a ceiling of 20 per cent on loans of between R5,000 and R100,000.

With the latest increase in prime rate, banks will thus have to charge their best customers the same rate as their worst risks on these amounts. According to one senior banker in Johannesburg, the authorities "are protecting the small man and the farmer."

Under these circumstances, further increases in prime rate would be difficult to administer. Large borrowers would be able to split their loans into amounts of less than R100,000 to avoid paying more than 20 per cent.

To bankers' consternation, the rapid rise in interest rates has so far failed to bave a discernible effect on demand for credit. Many companies are still holding sizeable stocks and undertaking plant extensions. Nonetheless, high interest rates are bound to take their toll of economic activity later

Opposition just fails to win Johannesburg election

BY J. D. F. JONES IN JOHANNESBURG

THE OPPOSITION Progressive Federal Party (PFP) has failed by a whisker to capture outrigbt control of Johannesburg City Council. Results from Wednesday'a elections have put the balance of power in South Africa'a biggest and richest city in the hands of three Independent councillors and it appears the PFP will not be able to rely on their support.

But elsewbere in the Transvaal there was clear evidence of the ruling National Party suffering defections to both Left, to the PFP and Rigbt, to candidates associated with the ultra-conservative Herstigte Nasionale Partie (HNP).

This trend must alarm Mr P. W. Botha, the Prime Minister, who has just confronted a Right-wing revolt in his party led from the Transvaal, and wbo is well aware that white South African politics traditionally tend to polarise away from the centre.

This poll suggests not just that the comparatively liberal PFP is continuing to make ground but also that the HNP and its associates may tempt away some of the Nationalist's traditional support. In Pretoria, for example, the HNP won six seats and the PFP three on a council which has always been dominated by a pro-Nationalist ratepayers' federation.

There were similar ultra-conservative gains in other parts of the Transvaal, while Dr Connie Mulder, the former Cabinet Minister, wbo was disgraced and forced out of politics after his involvement in the "Muldergate" scandal four years ago, won a dramatic victory in his old stamping-ground of Randfontein. Dr Mulder now leads his own extreme-Right National Conservative Party.

In Jobannesburg the PFP had been so confident of overall victory that the result came as a disappointment. Out of 47 wards, the PFP won 23 (compared with its previous 22 seats). The Nationalist/ratepayers coalition dropped from 25 to 21, leaving three independents with the balance of power.

Mr Smith . . . deserted

White MPs move away from Smith

By Our Salisbury Correspondent

SEVEN WHITE members of the Zimbabwe Parliament yesterday breke away from Mr Ian Smith's Republican Front—the country's former ruling party—to sit as independent in the country's 100-member House of Assembly.

The move could give new impetus to the long-term intention of the Prime Minister, Mr Robert Mngabe, to set up a one-party state in the country.

A statement by the MPs said they did not believe the Republican Front had been able to adapt to the changed circumstances in Zimbabwe.

The seven include two former Cabinet Ministers under Mr Smith, Mr Chris Andersen and Mr Bill Irvine, said they would not form a new party but had sufficient "identity of purpose" to retain an association.

Mr Smith, who opposed the disintegration of the party that ruled Rhodesia for 17 years until December 1979, expressed regret at the move as bad for white moral.

However, the move will be welcomed by Mr Mngahe who said recently that co-operation across the colour line was made difficult by the fact that the 180,000 whites remaining in Zimbabwe were represented by the Republican Front.

Angola refinery back in action

ANGOLA'S ONLY oil refinery has gone back into operation three months after sahoteurs blew up the complex's oil storage depot and pipelines. The Angolan newsagency Angop said, AP-DJ reports from Lisbon.

Iraq admits serious bombing damage to oil facilities

BY ROGER MATTHEWS IN BAGHDAD

IRAQ HAS suffered "serious and extensive" damage to its oil facilities during the war with Iran, now in its eighteenth month, which will cost billions of dollars to repair or replace Mr Abdul Mumim al Samarrai, Deputy Oil Minister, said in an interview here yesterday.

His account was in sharp contrast to earlier Iraqi assessments which had ended to play down the amount of damage caused by Iranian bombing. Mr Samarrai said however that Iraq's oil exports were running at about 900,000 barrels a day (b/d). The Syrian, Lebanese and Turkish terminals had an effective capacity of 1.4m b/d.

The Deputy Minister said damage had been particularly severe in Kirkuk and Basrah. A wide range of facilities bad been bombed in Kirkuk, the main oil producing area, including degasification plants, processing plants and a pumping station. Refineries, especially in Basrah, bad been critically damaged.

Officials bad not yet been ahle to carry out a detailed assessment, but Mr Samarrai helieved that several facilities were beyond repair. He was pessimistic about the prospects for the deep-water terminal at Fao which had been struck several times by the Iranians.

More ambitious repair work on facilities in the north may be able to start soon because of improvements in Iraq's air defence system. However, Three Iranian aircraft wbich last week attempted the first air raid on Kirkuk since August 1981 were driven off. The lead aircraft was brought down by a surface to air missile and exploded in mid air over Kirkuk golf course.

Iraq has received approval from Riyadh for the construction of a pipeline running across Saudi Arabia to the Red Sea. The pipeline will bave a capacity of 40m to 50m tonnes a year, and a new terminal will be built to handle the crude on a site still to be decided.

Officiala in Baghdad want to start detailed design work immediately, but the project is being delayed by difficulties in reaching agreement with Saudi Arabia over financiog. Mr Samarrai said the Saudis had not yet agreed to belp with the finance.

Meanwhile Iraq will continue to press Saudi Arabia for a cbange in its oil production policy. "We are in a good position to persuade our Saudi brothers of the negative effects of what they are doing," he said. Iraq was being forced to review its own pricing policy as a result of wbat was happening on international oil markets, which was short-sighted and self-defeating for the producers.

"Saudi Arabia is a sovereign country and has the rigbt to produce oil at the level it wishes, but we must remind the Saudis as Arabs and members of the Organisation of Petroleum Exporting Countries (Opec) tbat their policy cannot be in either their own short-term or long-term interests," Mr Samarrai said.

Charles Smith, recently in Seoul, finds the country's leader wielding a new broom

Chun shows Korea some adventurous economics

PRESIDENT Chun Doo-Hwan, the 50-year-old former army general wbo was inaugurated as leader of South Korea a year ago this week after winning a largely symbolic election, probably never felt the need of a campaign symbol while canvassing for the votes which put him into office. If he had, the logical choice might have been a broom.

Ostensibly a carbon copy replacement for President Park Cbung-bee, another army general who ruled from 1962 and 1979 and whose death in that year set off the period of political chaos which led to Chun's emergence, Korea's new leader in fact seems to be intent on doing things his way—whicb means overturning many of the ideas and institutions associated with his predecessor.

The results of the change could well be to breathe new life into a system which had become stratified and inflexible and which was certainly ripe for reform.

Yet Chun's advent probably also means that Korea will be running more risks than usual during the next few years in its bid to emerge as the dominant half of the divided peninsula.

If there is one area in which Chun's new broom is being wielded with more determination (and more immediate results) than any other, that area is probably the economy.

Rapid economic growth, designed to keep pace with an increase in the size of the active labour force of some 3 per cent per year, and to provide a big increase in real living standards, formed the centrepiece of the Park regime's strategy for South Korea, and was maintained over a period of nearly 17 years.

When Park was assassinated in October 1979 by the chief of of his own intelligence aervice, the Korean GNP was four and a-half times larger than it had been at the time of his inauguration. Per capita incomes had grown more than three times over the same period and exports — for many years the main source of GNP growth — were about 50 times as large as in 1962.

Park's success in engineering Korea's economic take off explained the political durability of bis regime and enabled ordinary Koreans to tolerate a Government which was authoritarian and corrupt.

But in the final years of the Park era rapid growth began to generate its own problems. At the time of the President's death, inflation was running at 20 per cent per year, with the result that Korean goods were being rapidly priced out of world markets. Meanwhile internal income inequalities were growing sharply and tbe country's foreign debt was rising too fast for comfort.

The Cbun regime's approach to economic policy making has resulted in a total, if temporary, reversal of the basic priorities which governed economic policy from the early 1960s to the late 1970s.

Whereas it was assumed under Park that inflation was "endemic" to the economy and must be tolerated in the interests of growth, the new government has taken the line that inflation must be surpressed if the economy is to achieve sustainable growth in future.

The result of this change of heart has been a series of determined efforts to limit the growth of money supply and promote savings. Tbe rate of annual consumer price increases has been cut from 37 per cent to 12 per cent over the past year.

In addition to reversing its predecessor'a notions on the relative importance of inflation and growth, the Chun Government seems to be trying to stand traditional decision-making procedures on their head.

In place of the personalised Park approach to economic management President Cbun has been trying to create a "bottom-up" decision making process, on the Japanese model and to decontrol the banking system.

The impressive thing about President Cbun'a economic reforms is the speed and decisiveness with which they have been implemented, especially when it came to dealing witb opposition from inside the hureaucracy. Tbe danger about the wbole process would appear to be that—for the time being at least—Government economic policy is not delivering the regular improvements in living standards that came to be taken for granted under President Park.

According to official figures the GNP grew by just over 7 per cent last year after sbrinking by a remarkable 6.2 per cent in 1980 when a disastrous harvest and stagnant exports combined to give the Korean economy its worst year in roughly two decades.

The real incomes of Korean industrial workers, however, fell sharply in botb 1980 and 1981. At best they may remain stable in 1982 if current policies remain uncbanged.

Gen Chun . . . no carbon copy

If the Cbun Government has stuck its neck out where economic policy is concerned, adventurous departures from the Park regime's restrictive and autboritarian political posture are a good deal harder to identify.

The Government has introduced a number of cosmetic measures (such as the lifting of a 34-year-old curfew which kept the nation's entire population off tbe streets from midnigbt to 4 am) with the evident purpose of creating the impression that Korea under President Cbun is a marginally less regulated and regimented society than was the case under Park.

Far more important than these sops to the domestic "liberalisation lobby" would seem to have been tbe series of proposals for reunification with North Korea that bave heen unveiled during the 12 months since Mr Cbun came to power

Whereas President Park maintained a low diplomatic profile vis-a-vis North Korea during most of his 17-year rule, seldom proposing any more dramatic measures for tbe easiog of north-sooth tensions than a resumption of mail services or exchanges of ioformation on divided families, President Chun kicked off 1982 with the announcement to the South Korean National Assembly of an ambitious formula for peace talks which included proposals for setting up a National Council to discuss all possible ways to briog the two balves of the country together

The Cbun proposals differed from initiatives taken during the Park era in that they bad been tested out on various sectors of South Korean public opinion before being publicly uoveiled and were followed within a few days by a list of 20 specific projects designed to break the ice between Pyongyang and Scoul, including such ideas as the construction of a sports stadium straddling the military demarcation line.

The returns on President Chun's northern initiatives, except io terms of some minor improvement in South Korea's diplomatic standing with the tbird world, are impossible to calculate in the sbort term and could even amount to nothing in the long-term.

What the initiatives do appear to demonstrate is that wben Presideot Chun departs at the end of his seven-year term he means to leave a very different place from the emotionally disturbed and economically troubled South Korea whose rule he took over in 1981.

Weinberger call to counter threat of Soviet bomber

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR CASPAR WEINBERGER, the U.S. Defence Secretary, yesterday urged a strengthening of the country's air defences to counter the threat of a new long-range Soviet nuclear bomber.

He revealed that the Soviet aircraft closely resembled the American B 1, designed to fly low into enemy airspace to avoid radar detection, which is now under construction.

The U.S. has in recent years virtually abandoned attempts to develop foolproof air defences, largely because the Soviet Union had been concentrating on strategic inter-continental missiles which were considered to be the main threat.

Mr Weinberger said there was a need to mend any gaps that appeared in the early warning net, improve the reliability of those warnings and improve the U.S. ability "to intercept attacks the Soviets might be planning.

In an interview with the Washington Post, Mr Weinberger said that as Defence Secretary he had no choice but to stress the gravity of the Soviet military threat as part of his effort to keep Congress from slashing Mr Reagan's defence budget.

He would not, however, go into details of how many of the new bombers the Soviet Union had built or whether they were yet flying.

U.S. spy satellites are reported to have taken pictures of the bomber, suggesting that while not necessarily in full production it is being flight tested.

Mr Weinberger's revelation of the bomber's capabilities came a day after reports of major Soviet advances in space welfare technology leaked from Capitol Hill and against a background of growing opposition for Mr Reagan's proposals for major increases in defence spending.

The Senate budget committee told Mr Weinberger that he should reduce the proposed \$258bn (£142bn) defence appropriation budget by 6 per cent or face the prospect of even larger cuts once the Bill reached the House and Senate floors.

Mr Pete Domenici, the Republican chairman of the committee, said that while there were many compelling reasons to support the defence request wholeheartedly, the most compelling reason why it could not be accommodated was the budget deficit which Mr Reagan had put at \$91.5bn in fiscal 1983.

Mr Weinberger told the committee that the principal criterion should not be the deficit but Soviet strength. He argued that cuts in defence outlays would not in any way substantially reduce the 1983 deficit. But the committee was more worried about new Pentagon programmes that would massively increase defence spending.

Lawsuit for Citicorp

BY OUR NEW YORK STAFF

A CITICORP shareholder has sued the large New York banking group over recent allegations that it indulged in illegal foreign exchange practices.

The shareholder has asked htat the group's top executives be made to pay for the damages it has incurred as a result of the alleged practices.

The stockholder, Mr Harry Lewis, wants the Board of Citicorp to recover these damages from 15 executives, including Mr Walter Wriston, the group's chairman.

8he suit comes in the wake of a Securities Exchange Commission report which found that Citicorp had systematically shifted profits over a number of years via its foreign exchange trading network from high tax to *low tax centres.*

The practice was uncovered by a foreign exchange trader in 1978, after which the bank was forced to pay back taxes to several European countries

It is these costs, amounting to several million dollars, that the suit is aimed at recovering.

Citicorp maintains that while there were instances of wrongdoing, the practice was not systematic.

Conditions on help for Costa Rica

By William Chislett in Mexico City

COSTA RICA, *the financially* shaky Central American republic, is likely to receive up to \$530m (£300m) from the U.S. Government, the International Monetary Fund (IMF) and other multilateral lending institutions, providing the new National Liberation Party government reaches agreement with the IMF on austerity measures.

At the same time, the outgoing Carazo government has broken off talks with its international bank creditors over re-scheduling \$1.1bn of its \$2.9bn public sector external debt.

The debt negotiations are to be resumed by the new government once it has had a chance to elaborate its economic policies and assess the country's financial situation. Costa Rica stopped making interest and principal payments last August.

Members of the new Social Democratic government, which takes office on May 8, met representatives from the U.S. Government, the IMF, the World Bank and the United Nations in Washington earlier this week.

Sr Alberto Fait, the vice-president-elect of the new government, said Costa Rica could receive \$150m under the U.S.'s Caribbean Basin development plan and regular aid programmes: \$100m each from the World Bank and the Inter-American Development Bank (IDB); \$150m from the IMF under a standby agreement; and \$30m from the United Nations International Development Agency.

Disbursement would not begin until late this year. The World Bank money and part of the U.S. aid also depends upon the new government reaching agreement with the IMF.

The outgoing government broke two IMF agreements, and has still not softened its fierce criticism of the fund for asking the country to tighten its belt.

Plunging coffee prices and government overspending lie behind Costa Rica's economic crisis.

The incoming government has this week been speaking of the need to reach an agreement with the IMF, but it is reluctant to make substantial budget cuts sought by the fund.

Haig warns of Guatemala civil war

BY ANATOLE KALETSKY IN WASHINGTON

GUATEMALA could become embroiled in a guerrilla war similar to the one in El Salvador in a "matter of weeks or months," according to Mr Alexander Haig, the U.S. Secretary of State.

A war in Guatemala, he said in an interview with the Los Angeles Times, would be "more consequential in terms of potential damage to U.S. interests" than the conflict in El Salvador, and would pose a "very *fundamental threat* to Mexico in the very predictable future."

He warned of a "clear self-influencing sequence of events which could sweep all of Central America into a Cuba-dominated region," but said that Mexican leaders are prevented by political constraints from taking "logical action" against this threat.

"I think time is running out for the U.S. to deal with the Cuban threat," he said.

The American people expect "their President at times to bring them *uncomfortable* news and, if necessary, try solutions that are contemporaneously less than popular if they are right to succeed."

This was a reference to the growing public and congressional pressure against increasing U.S. military involvement in Central America—pressure which Mr Haig has repeatedly said would not deter him from doing "Whatever is prudent and necessary" to counter the Cuban and Soviet threat in the area.

Earlier this week the House of Representatives voted by 396 to 3 for a resolution urging President Reagan to promote "unconditional discussions among the major political factions in El Salvador in order to guarantee a safe and stable environment for free and open democratic elections" there.

Opponents of Administration policy say that resolution calls for a radical change in U.S. policy because in the past "the President has opposed unconditional discussions" with guerrilla leaders.

The Administration, however, decided not to work against the resolution, emphasising that "unconditional discussion" leading up to elections were not synonymous with "negotiations" *about power sharing,* which is what the guerrilla forces have sought.

Nevertheless, the resolution could be embarrassing for the Administration, as it enables guerrilla leaders to claim that the Congress is unhappy about conditions there. Guerrilla leaders have officially stated this week that they wished to take part in "peace talks without preconditions in order to arrive at a negotiated political solution" to the El Salvador conflict. In the past only the political arm of the El Salvador *opposition* had expressed explicit support for unconditional negotiations.

AP adds from Guatemala City: Nine left-wing guerrillas were killed in a clash with government troops in the northwestern El Quiche province, according to the army.

The army's public relations office said an army patrol discovered the guerrilla camp on Tuesday morning near Chichicastenango, 89 miles west of the capital. There was no mention of government casualties.

Reagan seeks to raise aid

President Ronald Reagan is asking for a \$2.2bn (£1.2bn) increase in foreign aid in fiscal year 1983, most of it earmarked for military assistance, writes Reginald Dale, U.S. editor in Washington.

The programme, sent to Congress this week with a *warning* that "we live in a dangerous period," would total \$13.3bn.

Military assistance would be increased for the five countries which are now the largest recipients of U.S. aid Israel, Egypt, Turkey, Pakistan and El Salvador. The Administration is asking for \$60m in military sales credits for El Salvador and an increase of \$65m—to \$105m—in economic *support for* the country.

Nicaragua, which the Reagan Administration believes to be on the verge of becoming "another Cuba," has been dropped from the list of recipients for the first time. But the programme includes small military training funds for the right-wing regimes of Argentina, Chile and Guatemala for the first time since the late 1970s.

Out of the total \$13.3bn request, about \$8.6bn would be allocated for military and security aid. This would leave \$4.7bn for bilateral and multilateral economic development aid.

U.S. hint at Law of Sea flexibility

By David Tonge

THE FIRST hints of flexibility in U.S. demands for renegotia*tion of substantial* parts of the draft Law of the Sea treaty were given in London yesterday by Mr James Malone, the U.S. ambassador to the Law of the Sea talks.

The eight-year-old talks are due to resume in New York on Monday. Speaking at Chatham House, Mr Malone set out at length U.S. concerns, in particular over the mining regime to be established.

He said the U.S. was now assessing reaction by its allies and Third World leaders to its new approach. He hoped the U.S. would have its demands in concrete form by the end of this week.

Mr Malone stressed U.S. commitment to an international treaty to cover the oceans. "We are trying to be as flexible as we can" in meeting the aims set out by President Ronald Reagan. But he left open the possibility that the U.S. might *accept less* than all its demands.

These include protecting U.S. voting rights in any seabed authority ensuring U.S. access to deep seabed mineral resources.

Mary Helen Spooner, in Santiago, reports on the aftermath of a dissident's murder

Tensions high between Pinochet and unions

THE GRUESOME murder of a dissident trade union leader last week has heightened tensions between General Augusto Pinochet's military regime and Chilean labour and opposition groups.

Tucapel Jimenez, the 60-year-old president of the National Association of Public Employees (ANEF), was found murdered and nearly decapitated in his car on a deserted road 40 kilometres outside Santiago last week (February 25). The killing, which bears some resemblance to the work of right-wing death squads in Central America, occurred a week after Sr Jimenez held a Press conference calling for the formation of a "common front" of Chilean labour groups to oppose what he described as the Government's "disastrous" economic policies.

Gen Pinochet: stern warning

Sr Jimenez' proposal was being considered by a number of Chilean trade unionists, including the heads of the country's once-powerful Copper Mine Workers' Confederation and truck drivers. Just what power such an organisation would be allowed to wield is debatable, yet the attempt to establish it illustrates the extent of dissatisfaction among many Chilean labour groups.

A recent study by a liberal think tank, the Academy of Christian Humanists, indicated *that real* wages *and salaries* in Chile, while gradually increasing, are still below the level of earnings prior to the 1973 coup which ousted Socialist President Salvador Allende.

The researchers used the Government's National Statistical Institute figures on salaries and consumer price inflation, adjusting them in accordance with another private study released last year which showed official inflation figures have been systematically depressed since 1974.

This slow recovery of earning power is likely to be further delayed by the current economic slump. Unemployment is expected to rise to about 20 per cent this year, while several labour unions have complained of pressure to accept pay reductions.

Employees at the Banco Concepcion, one of Chile's larger private banks headed by former Central Bank President Alvaro Bardon, recently accepted a 10 to 12 per cent salary cut. Other Chilean enterprises, faced with falling sales and rising losses, are taking similar measures.

Against this background, the natural antagonism between labour activists and Chilean officialdom has worsened. Last week police arrested a photographer and reporter at a Press conference given by an industrial workers' union in Santiago. General *Pinochet,* currently touring Chile's southern provinces, acknowledged the problems facing the workforce but issued a stern warning against "those attempting to sow discord."

Such individuals, he indicated, could face expulsion from Chile: "Be careful, gentlemen, for you too could leave the country."

Last year a left-wing labour organisation, the Coordinadora Nacional Sindical, presented the Government with a broad petition whose provisions included wage increases, and an end to restrictions on political activity. The Government ordered the arrest of the CNS board of directors, and kept two of the organisation's leaders, Manuel Bustos and Alamiro Guzman, in jail for seven months.

Sr *Bustos has* charged that he, Sr Jimenez and another Chilean trade union leader have received death threats. This allegation is echoed by Sr Jimenez' family and associates, who also report the slain labour leader had been harassed by unidentified men in civilian dress in recent weeks.

Other Chilean trade unionists have requested police protection, in view of the murder of Sr Jimenez, a one-time supporter of the Pinochet regime, who was active in organising the massive strikes which helped to unseat the Allende Government in 1973.

But Jimenez, like a number of politically moderate Chilean labour leaders, eventually emerged as an opponent of the regime. In the debate over the 1980 plebiscite which imposed a new, authoritarian constitu*tion* and prolonged Gen Pinochet's rule for at least eight more years, Sr Jimenez called for voters to oppose the Government. A short time later he lost his job at the Chilean Finance Ministry, but continued as president of his labour organisation.

The Pinochet regime has condemned the killing and promised a full investigation, while Interior Minister Sergio Fernandez warned that the Government would not tolerate any political use of Jimenez's death. Despite Government statements that the funeral services on Saturday for the slain labour leader had taken place "within a framework of tranquility and respect for the law," approximately 50 people were arrested in the aftermath of the funeral. Most were released after a few hours' detention.

COMPANY NOTICES

INCO LIMITED

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that March 22, 1982 has been fixed as the record date for the determination of the holders of Common Shares and 7.85% Preferred Shares Series B who are entitled to notice of the Annual Meeting of Shareholders of INCO LIMITED to be held on April 21, 1982. DATED March 5, 1982.

P. C. Jessup, Jr. Secretary

inco

INCO LIMITED

Q.P. CORPORATION (Q.P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

NOTICE IS HEREBY GIVEN to holders of EDRs that Q.P. Corporation paid a dividend of Y10.00 gross per Share on 1st March 1982 to shareholders on the Company's register at the close of business on 30th November 1981. This [illegible]

KLEINWORT, BENSON LIMITED Depositary

London 3rd March 1982

VITRO S.A.

U.S.\$75,000,000 FLOATING RATE NOTES DUE 1986

Further to our notice dated 20th January, 1982, we notify you that on 21st July, 1982 interest of U.S.\$791.88 per U.S.\$10,000 nominal amount of the Notes and U.S.\$3,959.38 per U.S.\$50,000 nominal *amount of the Notes will be due* against Interest Coupon No. 2.

SWISS BANK CORPORATION INTERNATIONAL LIMITED Agent Bank

U.C. INVESTMENTS LIMITED (Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

The Annual General Meeting of the above company will be held in the board room, Union Corporation Building, 74/78 Marshall Street, Johannesburg on Monday 26 April 1982 at 12.15 pm.

per pro General Mining Union Corporation (U.K.) Limited London Secretaries L. J. Baines

30 Ely Place, London EC1N 6UA 5 March 1982

H J HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 3.15% (formerly 4½%) Redeemable Cumulative Preference Shares of this company will be closed from 1 to 26 April 1982, both dates inclusive. A. ROSS, Company Secretary.

Hayes Park, Hayes, Middlesex. 3 March 1982

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 9% 1978/83 OF U.S.\$25,000,000 MADE BY EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of Bonds amounting to U.S.\$850,000 has been purchased for redemption on April 1, 1982.

Amount in circulation after April 1, 1982 U.S.\$21,600,000

OBITUARY

STONE, Archie—On 3 March 1982 — peacefully at home in his one-hundredth year. Beloved father of Lucky, much loved grandfather of Gillian and Shaun, [illegible] Adam, [illegible] Cremation private. No flowers or letters please.

LECTURES

GRESHAM LECTURES in Divinity Outside the New Testament by Professor [illegible]. One hour lectures at The City University, Northampton Square, London, EC1, at 1.00 pm, March 8th, 15th, 22nd. Admission free.

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Japan to seek lower rate for export finance loans

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN WILL hold out for the removal of the special charge it makes on export finance loans made within the framework of the OECD gentlemen's agreement, at next week's meeting in Paris of the 22 nations which participate in the pact.

Japanese officials say, however, that the meeting will be a "very difficult one" and will almost certainly not reach agreement on the interest rate structure to be introduced from mid-May onwards.

They note that while Japan wants its own lending rate reduced, the U.S. is proposing a general increase in loan rates.

Japan agreed with reluctance last autumn to a proposal under which it would make export finance loans at a fixed rate of 9.25 per cent while other nations lent at between 10 and 11.25 per cent (depending on the type of borrower and the length of the loan.

In doing so, it agreed to charge more to overseas borrowers than its commercial long-term prime rate—at that time, set at 8.9 per cent.

Other parties to the agreement have substantially higher domestic interest rates than Japan and are therefore subsidising their OECD regulated loans.

The Japanese acceptance of a negative subsidy on loans covered by the gentleman's agreement was conditional on a review of the system at the end of six months.

The Paris meeting will begin this review, but seems almost certain to have to be followed by at least one more session of the participating countries before a revised set of rates comes into force on May 16.

Officials at the Ministry of International Trade and Industry said yesterday that Japan would not be satisfied with an extension of the existing OECD rate structure for a further six months, subject to another review

Ideally, MITI would like to see what it calls a Differential Rate System under which each nation would charge its own commercial prime rate on export finance. Failing this, Japan says it would be logical for all countries to offer the same amount of subsidy on their loans.

A 2 per cent subsidy on Japan's export loans—roughly the amount being offered by European participants in the gentlemen's agreement—would mean that Japan would be providing export finance at the rate of 6.6 per cent.

Japanese officials admit that it may not be "feasible" to insist on such a low rate as this, and are accordingly expected to argue that Japan should lend at its own domestic prime rate while other nations continue with some form of subsidy on their loans.

Euroloan for Turkish groups

BY METIN MUNIR IN ANKARA

AMERICAN EXPRESS has signed a contract to take the lead in the syndication of a Euroloan of \$77m (£42.7m) for Kutlutas and Enka, two leading Turkish construction companies, officials for the two concerns disclosed.

The loan is to be used as advance payment guarantee for a contract that the Kutlutas-Enka consortium won in Saudi Arabia. The contract is for the construction of over 2,000 villas and their infrastructure in Medina

American Express—which opened its first branch in Turkey in Istanbul several months ago—will also participate in the financing of the performance bond, which is about \$20m. It is expected to put up \$6m. The rest being put up by Bankasi, Turkey's largest private bank.

American Express will be the first loan to be arranged for Turkish concerns since the start of the economic crisis in 1977, and is an indication of the improvement in Turkey's creditworthiness.

It is also the first time that the bonding of Turkish construction companies, which hold contracts worth \$10bn—mainly in Libya and Saudi Arabia—will be funded through a syndicated loan.

Argentina, Bolivia in gas deal

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA and Bolivia have reached agreement on a new gas deal after almost four months' negotiations that at one point threatened the strong links between the two countries.

Under terms of an agreement signed in 1975, Argentina had been buying an estimated 200m cubic feet a day of natural gas from Bolivia, but late last year the two countries disgreed on new prices which, according to the original agreement, has had to be updated every six months.

Bolivia is reported to have been selling its gas at \$3.82 per cubic foot and to have originally requested a 14 per cent increase. Argentina is thought to have countered with an offer of 6 per cent, and a stipulation that part payment be in Argentine goods rather than currency.

The two countries are now believed to have settled for a compromise of an 8 per cent increase in price, while Argentina has agreed to drop the goods factor.

Meanwhile, the Argentinians are believed to have secured greater flexibility on the volume of gas to be committed to Bolivian imports.

Over the last three years Argentina has made important gas finds throughout the country with reserves now estimated at 21.2 trillion (million million) cubic feet.

'Buy Europe' campaign angers car importers

By Kenneth Gooding at the Geneva Motor Show

A "BUY EUROPEAN" campaign mounted at the Geneva motor show has brought protests from the importers of Japanese cars against whom it is aimed.

The campaign has been launched by the Swiss importers for Volkswagen of Germany, the Peugeot-Citroen-Talbot group of France, Renault of France and Fiat of Italy.

They have displayed prominently signs on their stands bearing the message "Buy a European car, protect European jobs—including jobs in Switzerland."

The importers of BL and BMW cars are not involved, ironically because they also bring Japanese vehicles into Switzerland.

The other importers of Japanese cars have formally protested to the organisers that the slogans contravene the show's rules. But so far, they remain on display.

Last year, the Japanese share of the Swiss car market increased from 23 to 26.9 per cent and in unit terms from 64,506 to 78,290.

Japan is now well ahead of France and Italy in Switzerland and is chasing West Germany which had a marginally improved market share of 39 per cent or 113,830 cars last year.

● General Motors, the world's biggest automotive group, aims to increase exports to countries outside the U.S. and Canada by 7 per cent this year, from 280,000 to 300,000, said Mr John Beck, vice-president responsible for non-North American sales. GM's best export markets are Venezuela, Mexico and Saudi Arabia.

Although total export sales last year rose from 220,000 in 1980, those to Europe fell back again to around 16,000, having peaked at 25,000 in 1979. The biggest markets are Switzerland, West Germany and Belgium.

Mr Beck said he would be happy if GM could hold European sales of North American-built cars at the 1981 level this year, because of the late introduction of new models adapted specifically for Europe.

Athens has decided to have more strike aircraft, **David Tonge** writes

Greece to boost arms purchases

THE GREEK Government is poised to enter the international arms arket. It has decided to purchase strike aircraft and tanks and is determined to reduce the dependence of its 194,000-strong armed forces on U.S. weaponry.

Later this month, Mr Georgios Petsos, the deputy Minister of Defence, is to visit West Germany as part of a concerted campaign to develop Greek links with European suppliers. Next month he will tour UK arms factories. He has already visited France.

"At the moment our programme is with countries of the West," he said in an interview, but he emphasised that the Papandreou Government is not excluding any supplier from its calculations.

Greece is at present in the market for a strike aircraft. It has shortlisted the French Mirage, the British-West German Tornado and the U.S. F-16 and F-18. However, the Deputy Minister insisted that Greece is not merely seeking the aircraft but is looking for co-production.

The aim is to give substantial work to the Hellenic Aeorspace Industry's works at Tanagra Air Base, 40 miles north of Athens.

This underlines the Government's policy of building up its own arms industry. "Our basic aim is to convert the industry from one of servicing and renovating equipment to one making equipment," Mr Petsos said.

This is taking Greece deeper into the field of offset agreements. It is a relative latecomer, but over the past few years the base of its arms industry has started to widen.

It now consists of three state-controlled plants, one with mixed ownership and two in private hands but negotiating a sale to the state.

The diamond in Greece's crown is HAI's impressive modern plants which represent one of the largest investments made in Greece in the past decade. These started as a jet engine servicing plant under Lockheed licence.

However, it has now begun to develop its electronics side and the Government plans to insist that Greek electronics should be included in the fighter it buys.

A second company is the Greek Weapons Industry, with plants at Aegion and Lavrion. This started by making the West German Heckler and Koch rifle and is now also producing ammunition and a low-altitude air defence system, known as Artemis.

Valestinos in Central Greece is the site of a tank repair factory, but the main focus of Greek hopes of developing an armoured vehicle industry is the Steyr Hellas plant in northern Greece.

Mr Petsos says that discusions are now under way with Steyr, the Austrian parent company, which retains 40 per cent of the equity of the company, over construction of an armoured personnel carrier, the Leonidas, at this plant.

He says the Government is planning to take delivery of 100 Leopard tanks starting in August, but he makes clear that in this area, too, the Government is looking for offset work. This could lead to a tank section being added to the Steyr-Hellas plant.

For some years, Greek governments have been having the French-designed Combattante II/III fast attack craft built at the Hellenic shipyards of Mr Stavros Niarchos, the shipowner.

The present government is happy with this arrangement but is seriously exploring taking over Pyrkal, the Greek Powder and Cartridge Company, founded 108 years ago, and the country's oldest war firm.

Talks about taking over Pyrkal's plants in the Hymettus area of Athens and in Lavrion have been going for several years but have run into difficulties over the value to be given to its owners, the large Bodosakis Foundation, for the land on which the company's plant is built.

Despite the uncertainty, the company has continued to invest and last year exported over half of its Drs4bn (£36m) turnover.

Mr Alexander Athanassiadis, the managing director of Pyrkal, says that the firm sells ammunition to Nato countries, the Middle East (but not Israel), Africa, Thailand and South America. Any sale to a non-Nato country requires the signature of the Greek Prime Minister.

The present Government has set up a committee to see whether it will continue its predecessor's plans of taking over Pyrkal.

Mr Athanassiadis complains that no recent Government has been prepared to sit down to discuss its long-term weapons strategy. He also complains at the contracts he has lost because of the slow response by Greek Governments to requests for export licenses.

The visitor to Pyrkal's Hymettus works where 3,000 of the firm's 7,000 workers are employed, finds that it is still discussing new shells and bombs and continuing to install heavy presses for shell manufacture and the latest computer-guided lathes.

Airbus Industrie 'confident'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European airliner manufacturing group in which British Aerospace has a 20 per cent stake, is confident of a prosperous medium- and long-term future for the air transport industry, despite the current recession.

In a new survey on the outlook, Airbus Industrie says that the unfavourable economic conditions which have led to marginal growth in traffic, financial losses for the airlines, and a subsequent falling-off in orders for manufacturers, should show signs of ending in the second-half of this year.

Airbus Industrie believes that between now and the end of the century, about 8,550 aircraft of all kinds will be delivered to the 200 major world airlines outside the Communist bloc, provided there are not "cataclysmic" economic or social upheavals.

Of that total, short- to medium-range aircraft (of the A-300 and A-310 Airbus type), will account for about 7,100 aircraft, and the rest will be long-haul aircraft.

Within those totals, Airbus Industrie believes there will be a need to replace about 3,500 existing narrow-bodied short-to-medium range airliners, while there will also be a need to replace more than 70 per cent of the existing long-range narrow-bodied Boeing 707s and Douglas DC-8s.

These Airbus Industrie forecasts are broadly in line with the optimistic long-term forecasts produced by other major aircraft manufacturers, although there are some differences in details.

In general, however, Airbus Industrie shares the belief of the other manufacturers that, once the present recession is over, there will be a substantial growth in world air travel, generating a new market for airliners both to meet the expansion and to replace existing ageing fleets.

The Airbus Industrie forecasts for traffic growth include the 1bn passenger-kilometres flown in 1980 being more than doubled to 2.5bn by 1995, with further expansion up to the end of the century, representing an overall annual growth of about 6 per cent a year.

Belgian arms maker to market robots

BRUSSELS — The Belgian arms manufacturer and industrial group, Fabrique Nationale (FN), announced yesterday that it will market industrial robots produced by the American company Prab Robots Incorporated.

An official for the group's FN Industries division said a new company, FN Eurobotics, has been formed to handle the operation. The companies BFr 60bn (£700m) starting capital will be provided in three equal parts by the FN group and the two public holding companies, the National Investment Company (SNI) and the Walloon Regional Investment Company (SRIW), FN said.

—AP-DJ

UK NEWS

Thorpe withdraws as Amnesty director

By Lisa Wood

MR JEREMY THORPE, the former Liberal leader, has withdrawn as director of the British section of Amnesty International, a week before he was due to start the appointment.

Considerable controversy has surrounded the £14,000 a year appointment since it was announced last month. Recently Mr Thorpe narrowly survived a move to oust him made at a meeting of the organisation's 25-member council.

Mr Thorpe, in an exchange of letters with the chairman of Amnesty's British section, published yesterday, said two considerations had led to his decision.

The first was that the section had been weakened by a long history of conflict and he had "no wish to perpetuate this strife."

Second, even if he were able to win the backing of the majority, the attitude of the minority showed they would continue to try to undermine his position.

Mr Roger Briottet, chairman of the British section, told Mr Thorpe he accepted his resignation with regret.

Mr David Astor, Amnesty's co-founder, who has consistently opposed the appointment said he was "delighted" at Mr Thorpe's withdrawal. Mr Astor, a former editor of the Observer said: "He has acted very sensibly. If he had not stood down there would have beco a long dispute."

Mrs Linda Howe, East Anglia's representative on the council, who was one of three council members who resigned over the appointment, said: "I think it was the only honourable thing he could do. The protests were obviously growing."

After the council meeting at which Mr Thorpe's appointment was re-confirmed, an action committee had been set-up to reverse the decision. The intention was to put forward a motion of no confidence in the council at the section's general meeting on March 27.

Claims of "ineptitude" in the council were raised again this week by Mr Cosmas Desmond, former director of the British section, in a letter to the Guardian.

Clearing banks attack Grylls report on lending

BY ALAN FRIEDMAN

BRITAIN'S clearing banks yesterday rejected charges that the UK's poor economic record was due to a lack of willingness by the banks to emulate their French, West German and Japanese counterparts by providing industry with large amounts of medium- and long-term investment finance.

This charge was a key part of a report on bank lending to industry published last October by Michael Grylls, MP, chairman of the Conservative Industry Committee.

The argument was also used by Lord Lever, the former Labour Minister, and George Edwards, the banking economist, in recent articles calling for new incentives for industrial growth through a new lending facility.

The Grylls report calls for industrial borrowers to pay interest net of corporation tax at the point of payment of interest. The proposal, which would require Finance Act amendments, is designed to halve the immediate interest cost to industry and provide a stimulus to cash flow.

The clearing banks' reply comes in an 82-page paper produced by the Committee of London Clearing Bankers (CLCB)—Bank Lending and Industrial Development.

It states that "much of the recent criticism of bank lending practices is based on evidence that is out-of-data, misunderstood or simply wrong."

Mr Ian Morison of the CLCB said yesterday: "I am attacking the Grylls analysis, not the proposals. It is possible to have a poor analysis which leads to some good proposals." He said there was a "clear prima facie case" for considering the proposals.

The CLCB says allegations that UK banks lend too little to industry are groundless. "The critics have failed to use consistent definitions of 'industry' and 'banks'."

Of the view that UK banks lend too much for consumption and housing purposes compared with their counterparts abroad the CLCB says: "This allegation is not supported by the available evidance."

Mr Bill Poeton, the Grylls study group coovener, said last night that the CLCB paper "sounds like a political document."

"Banks are people with umbrellas on sunny days. When it pours they fold them up. That is how industry sees the banks."

Mr George Edwards, who was criticised directly by the CLCB paper, commented last night: "This is typical disinformation from the banks. It is a cleverly constructed and selected presentation of facts designed to preserve an indefensible position."

EEC budget contribution to be £622m

BY MAX WILKINSON

THE NET British contribution to the European Community budget in 1982 is estimated at £622m in a White Paper published yesterday.

However, this figure has been reached after subtracting a £790m refund due to Britain in respect of its contribution for 1981, which was agreed in May 1980 after the EEC summit meeting.

The refund for this year has yet to be agreed and will not be *paid* until *next* year. Indications are that the uncorrected contribution (before refunds) assessed for 1982 will be not far short of £1.2bn.

The UK Government will be aiming to reduce this figure by about two thirds in negotiations about future refunds.

The White Paper, Statement on the 1982 Community Budget, shows the refund in respect of the UK's 1981 contribution to be 1.41bn European Currency Units (£790m).

A further £80m of refunds in respect of 1981 remain due and are expected this year, although they have not been included in calculations of the White Paper's net contribution figure of £622m.

The equivalent figure given in last year's White Paper for the net contribution for 1981 was £571m. This has now been revised downwards and the net contribution for 1981 is estimated at £55m.

In May 1980, it was envisaged that a long-term adjustment for UK contributions would begin from 1982, but, in the absence of agreement on details, a refund should be negotiated along the lines of that paid in respect of the 1981 contribution.

Courtaulds to shut Ulster dyeing plant

BY OUR BELFAST CORRESPONDENT

THREE HUNDRED more textile jobs are to be lost in Northern Ireland, this time at Dungannon, Co. Tyrone, where the Moygashel group, a Courtaulds subsidiary, will close the Brown and Adam dyeing and finishing plant.

Courtaulds is transferring work to England. Unemployment in the Dungannon area is already over 30 per cent.

Union leaders said the decision cast doubt on the future of the remaining 450 jobs at Moygashel.

On Monday British Enkalon announced the closure of its fibres plant in Antrim with the loss of 850 jobs.

Courtaulds said the Moygashel clothing business was incurring heavy losses, mainly because of the high cost of Brown and Adam.

The company faced low demand and intense competition and could no longer afford to use the uneconomic Dungannon plant.

Less costly processing of fabric had to be adopted to ensure Moygashel's survival. Processing would be moved to an associate company at Rochdale.

The finished-fabric warehouse and administration would also be in England.

Opticians say private specs price may fall

By Gareth Griffiths

THE PRICE of private spectacles could fall sharply this summer, according to the Association of Optical Practitioners, because its members hope to receive much higher National Health Service fees for eye tests and dispensing.

The AOP represents about 4,200 opthalmic opticians and believes that, once NHS payments cover the costs of providing a service, the cost of private spectacles will come down. Mr Reg Pine, the AOP general secretary, said yesterday he expected a proper NHS reimbursement system to be introduced by the summer, when the Office of *Fair Trading report on* opticians and publicity is expected to come out. The AOP said it welcomed the proposed government inquiry into the way opticians in Britain work.

The Department of Health and Social Security is expected to pay about £50m of arrears to the opticians in June. That, with the greater NHS payments and the reimbursement system, Mr Pine says, will mean that opticians will no longer have to charge their private spectacle customers such high prices.

The scale of the price cuts should vary according to the scale of opticians' practices and to areas. NHS fees to opticians have not changed since 1978 but are to go up in April by 45 per cent, with a possible further increase later this year.

Mr Pine said he had seen no evidence to suggest that opticians had made unintended profits on NHS frames and lenses through obtaining discounts. He said the £5m to £6m figure quoted by Sir *Kenneth Stowe*, the *DHSS* Permanent Secretary, was "no more than an unsubstantiated guess," based on nothing more than a perusal of advertisements in the optical trade press.

The AOP is worried that the Government's decision last month to cut by 10 per cent the prices allowed to opticians for cheaper NHS lenses will lead to a fall in turnover in the optical industry by between 3 and 7 per cent.

Opticians argue that the NHS prices traditionally allowed *them freedom to* adjust the balance of costs. Instead of a cut, which they say is unfair, the opticians would prefer to see optical prescription houses, which make up the spectacles, with direct NHS contracts. That would put them on the same footing as the opticians and lead to the abolition of present anomolous prices.

Jobless should take priority, poll shows

THE LATEST Gallup opinion poll shows that 70 per cent of respondents think reducing unemployment should take priority over reducing inflation.

Of the 2,000 adults polled, 13 per cent said they were unemployed with a further 18 per cent saying a member of their family was out of work. Another 35 per cent expected that either they or a family member would be hit by unemployment.

LP importer to pay £250,000 damages

The British Phonographic Industry, which represents the record companies, has been paid £250,000 damages for unpaid royalties from a company which imported LP records from Portugal and Canada *which were sold* at a lower cost than their British made counterparts.

The BPI actions were against Simons Records, Simons Sales Stores and Warrens Records.

Metrolands loses tax case in Lords

A property company must pay £29,085 tax on the £64,650 it received when it sold just over four acres of land to a local authority, the House of Lords ruled yesterday.

They dismissed an appeal by Metrolands (Property (Finance) against a High Court decision in favour of the Inland Revenue.

Bad weather hits January beer output

THE BRITISH brewing industry had a poor start to the year with beer production in January falling 21.5 per cent compared with January 1981, the sharpest fall for half a century.

Figures issued yesterday by the Brewers' Society showed beer output in January at 2,173,740 bulk barrels of 627m pints. This compared with 2,175,740 bulk barrels or 627m pints in January 1981. Severe weather caused most of the decline.

Waddon plans summer motorcycle launch

The Croydon-based Waddon engineering group said yesterday that its long-delayed launch into roadgoing motorcycle production will start in the summer.

CBI chief says oil price fall no excuse for Budget squeeze on aid

BY LORNE BARLING

SIR TERENCE BECKETT, director-general of the Confederation of British Industry, yesterday challenged the view that the Government would be constrained in its assistance to industry in the Budget next week as a result of lower North Sea oil prices and consequently reduced tax revenues.

Speaking at a CBI conference in Birmingham, he said the Government was clearly attempting to reduce expectations of the content of the Budget, but lower oil prices should not be used as an excuse for its shortcomings.

The $4-a-barrel fall in prices of North Sea crude would not amount to a loss to the Exchequer of about £1bn, as had been suggested, but one of between £250m and £500m, due to consequent exchange rate movements.

"If oil is less important in supporting the pound than it has been in the past two or three years, sterling will fall. It has fallen by about 5 per cent against the dollar in the past month, and, because oil is priced in dollars, this depreciation will increase the sterling price and the Exchequer yield, *so the greater part of that* £1bn will be offset," he said.

He also pointed out that the effect of lower oil prices would not reduce government revenues until the later part of this year, and could not, therefore, have any bearing on the Budget. Sir Terence added that this should not, therefore, give the Government cause for alarm, least of all make it resort to higher interest rates in order to prop up the pound.

Sir Terence said the fall in oil prices: "Does not, I am afraid, lessen our case for some alleviation of industry's overhead costs. It certainly does not lessen the case for a cut in national insurance surcharge."

Speaking to a group of Midlands industrialists at a conference on how the region can best recover from the recession, Sir Terence, emphasising the importance to the CBI of Budget measures to help industry, warned that the Government's £1bn youth training scheme might not get off the ground unless industry were profitable enough to back it. The scheme, due to start in September next year, was dependant upon employers providing facilities and support for 12-months training for thousands of people. The resources put into such training would be wasted unless companies were in a position to employ more people, he added.

● On the question of BL, the conference was given an indication that it is on the point of an important breakthrough in industrial relations, following a period of drastic contraction *with the loss of 65,000 jobs* over the past three years.

Mr Geoffrey Armstrong, BL director of employee relations, said the company was now entering a new phase of its recovery, which involved ending class-based resistance to change among employees. He believed the pace of change at BL would accelerate from now on. "We want to move to a more co-operative mode with our workforce, and we are working hard to develop new channels to achieve this," he said. "We have not succeeded yet, but believe we will do so." It was hoped rigid demarcation lines could be eliminated and more mobility of labour achieved through persuading the workforce that change was acceptable and necessary.

However, Mr Armstrong said, BL rejected joint decision-making, because it believed in management *accountability*. "We have to win commitment and motivate our employees towards positive goals," he said.

On the broad issue of industrial relations in the Midlands, a number of delegates expressed fears that, when economic conditions improve, there would be serious industrial unrest in the area.

Mr Bryan Price, managing director of Chloride Alcad, said: "When the time comes, our workforces will get their own back. Why shouldn't they? They see bank and insurance company employees getting pay settlements of 12 and 14 per cent, while they are getting far less."

Dr Malcolm Skillicorn, vice-chairman of the regional CBI, said the West Midlands was having to adjust to inefficiencies concealed in the boom period of the 1960s and 1970s. "We are not talking about when the recession ends, but the whole of the 1980s. The real battle has yet to come in terms of productivity improvements," he said.

Post offices to try computer technology

BY JASON CRISP

THE Post Office is to run a trial scheme using computer technology on the counters of four post offices, in a study which is being sponsored by Government as part of Information Technology year.

In the long term the automation of services is a major project. The Post Office performs a wide range of agency services for Government departments and, more recently, nationalised industries. It has 1,500 crown and 23,000 sub post offices, all of which could eventually be linked by computers.

The trial scheme will enable counter staff to enter details of all transactions into a computer terminal which would normally be *written down*. This would include the payment of pensions, issuing of postal orders and sale of stamps.

The Post Office is trying to increase the amount of agency services it provides.

NCR, the U.S. computer company and Fortronics, based in Scotland, are expected to supply most of the equipment for the trial. Philips is also being considered. If the scheme is a success and there are major orders, NCR would be expected to make the terminals in the UK.

The first stage of automation would be aimed at helping counter staff do their accounts and keep balances. Under long-term consideration is a much more extensive operation which would give "live" links from post office terminals to other government computers such as social security, national savings or the Post Office's own Girobank.

There are two major problems. One is the considerable technical difficulty linking into other government systems and another is the requirement of large sums of money from government. But eventually customers may have automated tills

Welsh nationalist starts campaign on water rates

BY ROBIN REEVES, WELSH CORRESPONDENT

WELSH Nationalist leader Mr Dafydd Wigley yesterday launched Plaid Cymru's long threatened civil disobedience campaign over Welsh water rates by publicly returning by *post his own 1982-83 water bill*—unpaid—to the Welsh Water Authority.

Mr Wigley said the £267 bill was likely to exceed his electricity bill. He accompanied it with a note saying that it would not be met until the WWA secured a "substantial payment" from the Severn-Trent Northwest Water Authorities "for the substantial proportion of their water received from Wales at negligible cost."

Mr Wigley expressed the hope that thousands of Welsh water ratepayers would follow his example, in order to bring home to the Government the depth of feeling on the issue and ensure the campaign was won quickly.

He rejected arguments that the loss of revenue to the WWA would simply result in even higher water bills. That would only happen if the campaign failed to win a fair payment from the English authorities which could be passed on to the consumer, he said.

The possibility of the WWA being allowed to charge more for bulk water supplies transferred to neighbouring English authorities is being considered by the Welsh Office and the Department of the Environment.

But Mr Nicholas Edwards, the Welsh Secretary of State, effectively ruled out re-introduction of arrangements to equalise water charges. Charges are significantly higher in Wales than in England and are going up in 1982-83 by almost 30 per cent, compared to the Severn Trent rise of 7 per cent.

Mr *Edwards*, while recognising that feelings on the issue run high, said the best answer to the industry's problems was better management of the WWA. The structure of the authority is being streamlined from April 1 and a new chairman has just been appointed and charged with the task of reducing costs drastically.

Snow aid deadline moved

BY ROBIN REEVES

THE WELSH OFFICE has been forced to extend a deadline for distributing help from the EEC Emergency Disaster Fund to victims of the recent snow emergency because not enough people have claimed.

In a move to use up Wales's £190,000 share of the money, sent to Britain by the fund as a goodwill gesture after the January blizzards, the Welsh Office has been driven to placing advertisements in newspapers *and on local radio*.

The Welsh Office refused to say how many applications had been received before they advertised. But there have been reports that only 10 people sought help in the capital city, Cardiff.

Payments from the fund, which will be decided by a panel still to be appointed by Mr Nicholas Edwards, the Welsh Secretary of State, are expected to average £30 to £40 for each "victim."

The advertisements say simple application forms are available from local council offices and the closing date is extended to March 10.

The Welsh Office said yesterday that promotional efforts—costing about £4,000—seem to be doing the trick. One office had 24 calls in an hour.

Vending machine calls

BY MAURICE SAMUELSON

A BIG EFFORT to increase the amount of soft drinks sold from vending machines is being mounted by three of the main can manufacturers and their chief suppliers of raw materials, British Steel Corporation and Alcoa.

American Can, Continental Can and Metal Box want the soft drinks manufacturers to take the initiative in boosting vending machine sales. They offer to pay the drink-makers the equivalent of one vending machine for every two that they purchase.

Sales from machines are widespread in other countries. Japan has 1m selling cans of soft drinks. In the U.S. 750,000 machines account for 28 per cent of sales of canned soft drinks. Britain, with only 1,000 machines, is almost virgin territory.

Nevertheless British can makers claim that they have found 60,000 suitable "sites," and believe that by the end of the 1980s one in 10 cans of soft drink would be machine-vended.

At one place three vending machines have been selling about 3,000 cans a week.

BCal plea for summer Gatwick-LA route denied

By Michael Donne, Aerospace Correspondent

THE CIVIL Aviation Authority has rejected a plea by British Caledonian Airways to be allowed to serve the Gatwick-Los Angeles route this summer, in advance of normal licence procedures.

The airline had applied for an exemption, to enable it to fly the route from May 1 for six months, pending a decision on its application for a formal licence for the route.

In seeking such an exemption, British Caledonian said it would relinquish the route if the normal licensing procedures were to go against it, but added that, if the route were left vacant this summer, the UK would lose much valuable traffic (estimated at £20m) to U.S. airlines.

The Civil Aviation Authority is understood, however, to be making it clear to British Caledonian—in a private letter from Sir Nigel Foulkes, chairman of the authority, to Mr Adam Thomson, chairman of the company—that the normal licensing procedures must be maintained.

The authority is pointing out that still outstanding is an earlier application to transfer the original licence for Gatwick-Los Angeles, held by the now-defunct Laker Airways, to a new company set up by Sir Freddie Laker, called Brenpage.

Until a decision on that application is taken, after a public hearing, the route licence legally remains in Laker Airways' name, although unused and subject to suspension.

● The civil aviation community in the UK has again asked the Chancellor to reduce the level of tax on aviation gasoline (avgas), which is retarding light aviation. Avgas costs about £2.56 a gallon, of which tax accounts for 62.8p. Aviation turbine fuel, used in *turbine* aircraft, costs about £1.19 a gallon, of which only 3½p goes in tax and no VAT is paid.

The General Aviation Manufacturers' and Traders' Association has told the Chancellor that the price of avgas has risen during the tax year, while the price of motor fuel has fallen.

● Iberia, the Spanish airline, will keep the first class on some routes between the UK and Spain this summer, but will use instead a new "preference" class on others.

Fares will be about 5 to 10 per cent more than those for economy class.

SE urges tighter rules on licenced dealers

By John Moore, City Correspondent

NEW RULES proposed by the Department of Trade for monitoring the activities of licensed dealers are not tough enough, the Stock Exchange said yesterday.

Sir Nicholas Goodison, chairman of the Stock Exchange, said yesterday that the exchange did not believe enough was being done about financial surveillance of the 100 or so licensed dealers.

The Department of Trade is attempting to tighten up licensed dealer legislation, following a wave of scandals. The Stock Exchange has told the Department that in the new rules there is no provision for a dealer to submit audited accounts of his own business.

The Stock Exchange has agreed with the Trade Department that the rules are inadequate. In its submissions the Exchange has urged that:

- Revocation of licences may follow not only actual breaches of rules but also where other circumstances are likely to lead to improper conduct of business or reflect discredit upon the method of conducting business by the licence holder.
- Discretionary clients of licensed dealers should receive regular reports as a matter of course—not, as proposed, on request.
- The Trade Department proposes separation of clients' funds from dealers' funds. The Stock Exchange believes this may prove administratively onerous and perhaps less effective than more frequent checks on dealers' financial position than are proposed. The Stock Exchange suggests quarterly checks rather than bi-annual checks.
- The insurance protection for dealers proposed by the Department of Trade probably does not go far enough. The Stock Exchange says it might not cover misdeeds by the principals fo licensed dealers.

Sir Nicholas said proposals by the Stock Exchange for increasing commissions on deals done in the stock market had not met with much approval. "It is rather like asking people if they want to pay more for a loaf of bread and usually people say no."

A Stock Exchange liaison committee would be meeting major stock market users next Wednesday to discuss the proposed commission charges. Sir Nicholas indicated that the Exchange might be prepared to make modifications to the charges. "What is the point of having consultations if we are not prepared to make modifications."

Sir Nicholas said there would be a Stock Exchange meeting of the ruling council on March 16 or March 23 to take the final decision on commission charges.

Pub decor is 'plant' for tax purposes

By Raymond Hughes, Law Courts Correspondent

STAGS' heads, bagpipes, deerskins and tapestries, used to create "atmosphere or ambience" in hotels and public houses, count as "plant" for tax purposes, the Law Lords decided yesterday.

They dismissed an Inland Revenue appeal against a ruling that Scottish and Newcastle Breweries could deduct the £105,770 it spent on those and similar items from its trading income.

Lord Wilberforce said that the company designed its premises to attract different classes of customers, and regarded that as an important factor in its commercial success.

The question was whether the expenditure on light fittings, decor and murals was on "the provision of machinery or plant for the purposes of the trade," under the 1971 Finance Act.

The judge observed that words tended gradually to diverge from their natural or dictionary meaning.

"No ordinary person, literate or semi-literate, would think that a horse, a swimming pool, moveable partitions, or even a dry dock was plant—yet each has been held to be so.

"So why not such equally improbable items as murals, or tapestries, or chandeliers?"

Scottish and Newcastle's trade included, and was intended to be furthered by, the provision of atmosphere or ambience, which, rightly or wrongly, it thought might attract customers.

Such intangibles might, in a very real and concrete sense, be part of what the trader set out, and spent money, to achieve.

Lord Wilberforce did not find it impossible to attribute to Parliament an intention to encourage, by fiscal inducement, the improvement of hotel amenity.

Lord Lowry said the creation of atmosphere was an important function of the successful hotelier.

BNOC expanding rapidly overseas

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporation is rapidly building up its overseas oil exploration interests.

The exploration and production arm of the state corporation, which is to be offered for sale to the public, is trying to build up foreign oil assets as insurance against the day when North Sea production begins to decline.

One of the corporation's most ambitious overseas ventures stems from Dubai in the Middle East where, along with the U.S.-based company Atlantic Richfield (Arco) it is now drilling its first exploration well.

BNOC has a third interest in this, the Nazwa, well which is being operated by Arco. Last year Arco and BNOC were granted a concession to drill in 760,000 acres.

The corporation is awaiting approval from the Indonesian Government for a scheme which would give it a 40 per cent stake in a large drilling concession—equivalent in size to 78 North Sea exploration blocks—off Bali. BNOC is seeking a 40 per cent stake in the Kangean concession operated by Arco. An initial seismic appraisal programme is being conducted by Arco.

BNOC has also applied to the Irish Government for permission to operate drilling concessions in the Porcupine Basin area, off the west coast of Ireland where British Petroleum has made a promising oil discovery.

In France, the corporation is understood to be seeking, as a partner with Shell and Elf, offshore drilling concessions in the French portion of the English Channel. BNOC is also hoping to be awarded drilling rights in the Danish sector of the North Sea, where it has already teamed up with the Danish state corporation, Dansk Olie and Naturgas.

BNOC is giving technical advice to the Danish corporation, in the same way that it is assisting Petronas, the Malaysian state corporation, in Kuala Lumpur. The corporation is also involved in a scheme of personnel exchanges with Petroven, the Venezuelan state oil corporation.

N. Sea consortium strikes oil off Scotland

BY OUR ENERGY EDITOR

A NORTH SEA exploration consortium, led by British National Oil Corporation, has discovered oil in block 16/21, about 120 miles north-east of Peterhead, Scotland.

If further drilling confirms the find as commercially attractive the BNOC group may well decide to link its development plans with the neighbouring North Sea Sun Oil group which has discovered the Balmoral Field in the same block.

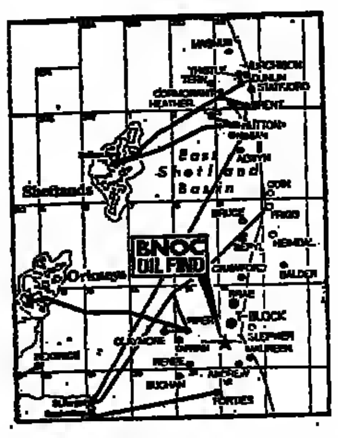
BNOC said that the drilling rig Treasure Swan had tested oil from two sections of reservoir rock. In the deeper Devonian reservoir oil flowed at a rate of 1,800 barrels a day from one level and 1,200 b/d from another. In the shallower Palaeocene reservoir, high grade oil — of 38 degrees API — was tested at a flow of 3,450 b/d.

The corporation added that the Treasure Swan rig was being moved to a drilling location in the south-western approaches of the English Channel. In the meantime the consortium was planning further drilling to appraise the 16/21 discovery.

It is thought that BNOC could use the drilling rig Bendoran to conduct this appraisal. The Bendoran rig is currently drilling an exploration well, started on January 17, in block 31/26.

BNOC hinted yesterday that its find could be directly linked to the Balmoral Field which has been evaluated by the Sun group with the drilling of three wells. The BNOC well was the fourth well to have been drilled on the structure.

According to industry reports, Sun is evaluating various development options for its Balmoral Field which could contain recoverable reserves of 100m to 150m barrels. A floating production platform is likely to be used in the project.



Companies warned of deadline for project grant aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE Department of Industry has warned companies in those parts of England which have intermediate area status that if they want assurance of grant aid before August 1 for qualifying projects, they should file their applications before the end of March. Similar advice has been given by both the Welsh and Scottish Offices.

The warnings are a consequence of the review of regional aid undertaken by Sir Keith Joseph in 1979 when he was Secretary for Industry. It concentrated assistance on the areas of greatest need, drawing a greater distinction between the special development areas and the development, or second-tier, areas.

Sir Keith also proposed that the number of areas entitled to intermediate, or third-tier, status should be cut from August 1 this year. But he promised no changes would occur until a survey had been made of their needs.

The companies have been warned that because of the time taken to process applications for assistance, they cannot be guaranteed grants by August 1, the cut-off date, unless they are in good time.

In Wales, where areas are largely rural, the Welsh Office has written to the companies it thinks likely to be affected. So has the Scottish Office, which has more companies to deal with. But the position in England is more complicated by the sheer weight of concerns within the existing intermediate areas.

BL launches five-door Ambassador hatchback

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL launches its Ambassador five-door hatchback today. Six thousand of the re-engineered Princess saloons are already in dealers' showrooms. They will sell from between £5,105 and £7,765.

The car come sin a five-model range consisting of four trim levels and three engine choices —1.7-litre, 2-litre and 2-litre with twin carburettors.

During its relatively brief production life—it will be phased out in 1985—the car is expected to sell at a rate of 29,000 a year. It will not be sold outside the UK.

The company spent £6m on the design work, £13m at Cowley where the model will be put into production, and a further £1m on promoting the launch.

These sums are not enormous when compared with what the motor industry can spend on a new product. Yet the Ambassador is vitally important to BL if the company is to keep a secure foothold in Britain's upper-medium saloon market while waiting for the first of its LM10 range, due next year.

This section of the market accounts for about 400,000 cars a year, or 27 per cent of the total. It is highly competitive with 28 models jostling for sales and is dominated by Ford's Cortina.

BL has positioned the Ambassador slightly downmarket from the Princess to win more of the important fleet business and is matching the prices of similar Cortinas.

The company claims the new model uses less fuel than the Cortina and has a higher top speed. It hopes the Ambassador can capture 2 per cent of the market—roughly 29,000-30,000 vehicles a year. Certainly, the prices have been generally well received by the dealers—except for the Vanden Plas version at the top of the range.

Mr Ray Horrocks, chairman of BL Cars, claims the car is "very much more than an improved Princess."

Certainly BL wants to distance the newcomer from the Princess, which was introduced in 1975 and suffered a savage deterioration in sales from 1979 onwards as it gained a reputation—latterly undeserved—for poor quality and unreliability.

In 1979 31,253 Princesses were registered. Last year the total was 15,991.

Honda to spend £9m on expanding its facilities

BY JOHN GRIFFITHS

HONDA (UK), the wholly-owned subsidiary of the Japanese car and motor cycle maker, is spending £9m to update and expand its infrastructure.

The three-phase programme, involving the acquisition of a nine-acre greenfield site for a £7½m spare parts warehousing facility, is planned for completion at the end of next year.

The remaining £1½m is being spent on expanding and modernising Honda's headquarters at Chiswick, West London.

The programme includes a computer centre which will integrate the British company's replacement parts operation with that of Honda companies in mainland Europe, all of which are wholly-owned subsidiaries.

Other facilities include a technical centre for training dealer staff, a research centre, a larger headquarters for Honda's motor cycle racing activities, and 15,000 sq ft of additional office space.

The site of the warehousing facilities has yet to be disclosed. No significant increase in the existing 260 staff is expected.

Mr Gerald Davison, senior executive manager, said: "The project is aimed at deepening our roots in Britain."

Honda has much the largest share of motor cycle sales in the UK. Its 750 dealers took over 40 per cent of the 275,000 machines sold last year.

Honda's car business has been restricted by the Anglo-Japanese "prudent" marketing agreement, but it expects a slight increase in its 1982 car allocations over the 15,774 cars sold in the UK last year.

This will be offset, however, by an expected 50 per cent cut in the number of light commercial vehicles the company will able to sell as a result of last October's decision to extend sales constraints to commercials. Honda sold 4,031 light vans last year, but the figure this year may drop to slightly below 2,000.

Dover port traffic rises

BY ANDREW FISHER, SHIPPING CORRESPONDENT

TRAFFIC through Dover, Britain's busiest cross-Channel port, rose sharply in January, with freight continuing the improved trend of recent months.

The port expects to exceed last year's record number of 12.5m passengers after a 16 per cent rise in the January figure to 381,000 people. Tourist vehicle traffic was nearly 10 per cent higher at 66,000.

There was a 16 per cent increase in freight to nearly 571,000 tonnes and an increase of more than 23 per cent in the number of vehicles to 43,500.

Mr Donald Sopp, director of operations, said the upturn in business had occurred far earlier than in 1981.

Most of Dover's passenger and car business is in summer but winter traffic has been boosted by a large number of cheap day offers by ferry companies.

The port is carrying out a £3.5m improvement programme this year. Tourist facilities will be modernised and lorry traffic speeded up.

Why the market continues to maintain confidence in sterling

Market folklore said oil prices and the pound moved together. David Marsh explains why this link has slackened

THE POUND, still riding relatively high on the foreign exchanges, has shrugged off the effect of this week's $4 cut in North Sea oil prices.

Sterling's trouble free run during the progressive weakening of the world oil market this year has marked a change of pattern. It has become part of currency market folklore during the past few years that, because of the buildup of Britain's North Sea production, sterling and oil prices normally move up—and down—together.

Currency dealers advance a number of reasons for the apparent slackening of the pound's petrocurrency link. But they caution that the relationship has not been broken altogether. The world oil glut could hit sterling later this year if influences which are now helping the pound start to decline.

The pound is profiting from the general expectation that Sir Geoffrey Howe in his Budget next week will announce no significant moves to reflate the economy. The weakening oil price, which has reduced the Government's available revenues and thus lowered the leeway for tax cuts, has stiffened the Treasury's resolve to remain firm.

At a time when several EEC countries are trying to boost their economies, the Government's tough line is winning friends on the currency markets, which always vote in favour of stern anti-inflation policies.

"If Sir Geoffrey was going to launch a reflationary, election-winning Budget, we'd be looking at sterling under $1.80 (compared with the present rate of about $1.82)," says one dealer. "But he's just lost £800m in oil revenues, and is going to be cautious. So people are taking heart."

Sterling has also been held up so far this year by heavy buying of pounds against dollars by oil companies. They have been building up stocks with which to pay the £1bn instalment of petroleum revenue tax paid over to the Treasury this week.

The general corporation tax paying season during the first quarter of the year always tends to produce short term liquidity shortages in the money markets and help keep sterling strong.

Now that these seasonal influences are beginning to become less important, the pound may weaken in the summer—just as it did last year.

For the moment sterling is profiting from high UK interest rates. Although they have been falling in recent weeks, yields on government bonds of 14 to 15 per cent are still highly attractive to international investors.

Dealers reported this week that some Middle East clients have been buying sterling against D-marks. Such transactions, motivated by the lower level of West German interest rates and political uncertainties in Bonn, are sustaining the pound above DM 4.30 even though the German inflation rate is half Britain's.

Because Britain is roughly self-sufficient in oil, changes in the oil price do not have any dramatic effects on the UK current account. Rather, price reductions might be expected to affect sterling's performance indirectly, by benefiting the currencies of countries which are large oil importers, like Germany and Japan. So far this year this has not been happening.

None the less, Mr Brendan Brown, international economist at London stockbrokers Phillips and Drew, who has made a special study of the pound's petrocurrency status, believes that the underlying attraction of sterling as a "hedge" against rising energy prices is declining.

"The chances of an energy crisis are diminishing. So people will pay less for the insurance policy of holding pounds."

He points out that international investors are impressed by the persistence of the UK's strong current account surplus. Additionally, Britain is boosting oil production—unlike many Opec members which have been cutting output—and so is still benefitting from volume increases in oil trade.

He says sterling's petrocurrency link is reinforced by the enthusiasm of some Arab producers for depositing funds in sterling. When the surplus revenues of the oil states start to decline, so might sterling—as it did three years after the first oil shock of 1973, when Opec started to forsake London as an investment haven.

Mr Brown makes the point that other "petrocurrencies" such as the Mexican pesa (just devalued) or the Canadian dollar (heavily government supported) have also been weak recently.

He adds that the pound's trade-weighted exchange rate in real (inflation adjusted) terms is still about 30 per cent higher than it was before the Iranian revolution forced up oil prices in 1979. This could mean that, if oil prices continue to weaken, sterling's plunge is still to come.

Tory concern at allocation of satellite TV to BBC

BY IVOR OWEN

COMMERCIAL television companies which demonstrate that they can exploit direct broadcasting by satellite as effectively as the BBC will not be obstructed by the Government, Mr William Whitelaw, the Home Secretary, told the Commons yesterday.

Mr Whitelaw stressed that it was the need to keep ahead of overseas competitors that had led the Government to decide that the initial two channels should be allocated to the BBC.

Concern at the prospect of the public sector having an exclusive hold on the first stage of the development of broadcasting by satellite in Britain was underlined in a succession of questions from Tory back benchers.

Mr Kenneth Warren (C. Hastings) insisted that there was no technical reason why more than two channels should not be made available to encourage commercial companies to come forward with proposals.

The Home Secretary emphasised that there was no Government "decree" limiting the development to two channels.

"If we can move further and faster forward, we will certainly do so," he said.

Mr Whitelaw also made it clear that the legislation which would be necessary to permit commercial companies to participate in direct satellite broadcasting would be largely of a technical character.

He declined to give an assurance that the Government would publish a White Paper before introducing such legislation—an assurance sought by Dr Shirley Summerskill when she welcomed the Government's proposals from the Opposition front bench.

Mr Whitelaw promised an early debate on direct broadcasting by satellite, and undertook that it would be preceded by a statement on the facilities for cable transmissions.

When Mr Tim Brinton (Con Gravesend) highlighted the fact that cable television would be more analogous to the telephone service than current broadcasting outlets, the Home Secretary underlined the need to safeguard the standard of programmes.

He declared: "It is very important for this country to preserve those standards of broadcasting which are, I believe, among the highest in the world, and we want to keep them so."

Mr Whitelaw told MPs that the number of channels could be increased to the maximum of five permitted by international allocation as and when demand justified it.

The Government expected the capital cost of providing the satellite system to be found in the private sector.

"On the industrial side, various interests in the aerospace and related industries have shown that they are ready to play their part in this challenging new venture, and we shall be working closely with them and with the domestic electronics industry to ensure that the economic benefits are effectively realised for the UK," he said.

PM still cautious on SA cricket tour

Financial Times Reporter

THE PRIME MINISTER again resisted intense pressure from the Opposition in the Commons yesterday personally to condemn the English cricketers' tour of South Africa.

Against a background of demands that she should "clear the air and give a straight answer," she told MPs that she endorsed Foreign Secretary Lord Carrington's criticism of the tour.

In a Commons written reply Mrs Thatcher took a firm line, warning that the tour could jeopardise the future of multi-racial international cricket.

But at Question Time yesterday, she would go no further.

Mr Jack Straw (Lab Blackburn) accused the Prime Minister of being "mealy-mouthed and half hearted" in her remarks.

He demanded: "To clear the air will you give a straight answer. Do you condemn this tour—yes or no?"

Mrs Thatcher told him: "I am neither mealy-mouthed about upholding the Gleneagles Agreement nor about the right of the freedom of people to travel. Both are very important indeed."

She added: "I endorse what the Foreign Secretary said, that he thinks perhaps the tour is a mistake."

The Opposition leader, Mr Foot, then took up the protest. He said the Prime Minister's refusal to make her views clear to MPs in the Commons was "only making it worse."

"Can't you say without any equivocation that you entirely agree with what the Foreign Secretary said on the matter and repudiate what you backbenchers say?" he demanded.

Mr Foot was referring to a large group of Tory MPs who have signed a Commons motion backing the cricketers' defiance of advice not to play in South Africa.

Mrs Thatcher would not be drawn.

Mr James Wellbeloved (SDP Erith and Crayford) hit at the double standards of those who who "pay lip-service to the condemnation of the Soviet invasion and occupation of Afghanistan while encouraging sportsmen to play on the blood-stained playing fields of Moscow."

Mr Wellbeloved urged Mrs Thatcher to "avoid making the same error by clearly condemning those who had offended decent instinct by taking their cricket bats to South Africa."

Mrs Thatcher said the Government's only power in the issue was that of persuasion and people were ultimately free to decide for themselves.

Later, during Business Questions, Mr Foot said it would be a tragedy if the Commonwealth Games were injured or impaired as a result of the tour.

Thatcher puts case for N. Sea oil price cut

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PROPOSED reduction of $4 a barrel in North Sea oil prices was warmly welcomed in the Commons yesterday by the Prime Minister on the grounds that it would provide industry with an opportunity for expansion.

Mrs Thatcher also condemned the £9bn reflation plan put forward earlier in the week by Mr Peter Shore, Labour's shadow Chancellor.

Mr Winston Churchill (Cons Stretford), congratulated her on "taking the initiative" amongst the oil producing nations in procurring a sharp downward trend in oil prices.

He thought this provided Britain and the western industrialised world with the opportunity of breaking out of the vicious economic circle of recent years.

It created a chance to move into what the late Iain Macleod called the "virtuous circle" in which lower inflation led to economic expansion, greater resources and savings. This in turn led to lower taxation.

The Prime Minister told him the drop of $4 was very good news for industry. It would lead to lower industrial costs and help to reduce inflation. It was also good news for increasing world trade, as money which would have been spent on oil would now be available for purchasing other goods.

"Our industry is now in a good position to take advantage of that expansion," Mrs Thatcher added.

Answering a protest from Mr Barry Jones, (Lab Flint East) about the number of long-term unemployed, she hoped the drop in oil prices meant that Britain was in a position "to try to get some more expansion."

Sir William Clark (Con Croydon South) raised the question of Mr Shore's "shadow Budget" proposal for a £9bn reflation. Sir William claimed that this would increase interest rates by more than one point, hitting industry and jobs.

In addition, he said, it would increase the national debt by £1bn a year.

Mrs Thatcher agreed with Sir William's assessment. If there were to be an increase in expenditure of that amount, it would mean an extra burden on the borrowing requirement, she said.

Interest rates would go up "very, very sharply indeed."

The Prime Minister also shared his view about the effect on the national debt.

"Payments of interest on debt have gone up enormously," she told the House.

"It was £2bn in 1970. But this year it was £15bn—which is higher than we have spent either on national health or on the education services."

● There were strong Labour protests in the Commons when the Government announced it is to guillotine further debate on the Oil and Gas (Enterprise) Bill, which will privatise North Sea oil.

Mr Michael Foot, Leader of the Opposition, demanded that the Bill should be taken away from Mr Nigel Lawson, the Energy Secretary, and given to another Minister.

The guillotine motion will be debated on Monday. The legislation is still in the Committee stage.

The Opposition is particularly worried that the timetable is being clamped down before the Government has produced the articles of association for the new privatised company, Britoil. These are meant to include safeguards against takeover by foreign interests.

Mr Foot said the Bill was still a matter for very considerable debate. The guillotine ought to be delayed at least until further facts had been produced by the Government.

Mr Francis Pym, Leader of the House, insisted, however, that the Government thought it proper to proceed with the timetable motion so that the Bill could reach the Statute Book in an orderly fashion.

● The Government yesterday refused to say how it intends to dispose of the British Gas Corporation's North Sea oil assets under the Oil and aGs (Enterprise) Bill now being considered by a Commons committee.

In the face of persistent opposition pressure Mr David Mellor, the Under Secretary at the Energy Department declined to list any of the options for disposal.

He said no final decision had been taken between a number of different routes of privatisation. Mr Mellor said that detailed proposals would be subject to a negative resolution of parliament which would enable MPs to debate and vote on the precise method chosen for disposal of particular assets.

He indicated that there were no plans at present for BGC's interests in gas fields to be privatised. Disposals would affect only the oil interests.

These answers failed to satisfy Opposition members who intend to press for more details.

Horserace betting levy up to 12%

Financial Times Reporter

THE GOVERNMENT has announced an increase in the horserace betting levy imposed on Britain's bookmakers—with the aim of raising an extra £2.4m each year.

Mr William Whitelaw, Home Secretary, told the Commons last night that the levy on bookmakers would be raised to 12 per cent, increasing the income for the Horserace Betting Levy Board from £17.6m to about £20m annually.

But the Minister warned bookmakers against passing the extra cost on to the punter through a bigger deduction from stake money.

Mr Whitelaw said the scheme made no provision for the introduction of a new levy charge on facilities provided by individual bookmakers and companies in racecourse grandstands at Ascot and Epsom, as requested by the Levy Board.

He went on: "I accept the principle that business conducted by such bookmakers, which is directly comparable to the starting price business conducted on-course by the National Association of Racecourse Betting Offices and the Tote Board should be subject to the same or similar levy charges.

"But I look to the levy board and the bookmakers' committee to explore how this can be done without damage to on-course pitch bookmaking business.

British Shipbuilders told to sell repair side failures

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A CLEAR MESSAGE to British Shipbuilders to sell or close its ship repairing activities if they fail to return to profit came yesterday from the Commons industry and trade committee.

Within the next year, state-owned BS should demonstrate it had started to carry out its chairman's stated intention of "closing, selling, or getting rid" of any company which continued to show no sign of viability, the committee's report on the corporation said.

The report, which included details of hearings and written evidence, said: "We were concerned about evidence from the independent sector which suggested that BS were accepting shiprepair work at prices below full cost."

It quoted BS chairman Mr Robert Atkinson, as saying that repair jobs were sometimes taken "at a reduced overhead" though saying later that "we are trying not to" make losses on such contracts.

The report added: "Since such continuing losses seem to us not only to threaten damage to BS's private competitors but also to risk damage to BS's other activities, urgent steps should be taken immediately to eliminate them."

It said that tendering below cost should cease. In the two financial years to March 31 1981, BS made total trading losses of nearly £18m on ship repairing.

Closures and other action led to a hope of break-even by the end of 1981-82, but industrial action led to further losses.

On the defence side, the committee said the government should urgently adopt a co-ordinated policy of promoting sale of warships abroad.

Since last year's defence cuts, BS has warned that several thousand jobs are at risk.

The report said the Ministry of Defence should consider ordering for the Royal Navy types of ships with export potential and allowing BS to build basic hulls for ships to be completed to the specifications of the navy or foreign customers.

Sir Donald Kaberry, chairman of the committee, said the EEC should be ready to act strongly against countries like South Korea, Taiwan, and Japan which had expanded their merchant shipbuilding industries prematurely in the recession.

Such steps should not necessarily be confined to shipbuilding.

"There is enormous capacity in these countries far in excess of worldwide requirements," he said.

The report called on the UK Government to press the EEC to co-ordinate its policies for shipbuilding and shipping.

Britain should also set up a high-level interdepartmental working group to consider the full implications of a national maritime policy.

Benn sets out nuclear bombs Bill

By Elinor Goodman

MR TONY BENN is preparing a Bill to provide an amnesty for local authorities and workers penalised under the Government's local government employment legislation.

The Bill is one of the number Mr Benn is preparing aimed at putting Labour conference decisions into legislative form, making it more difficult for a future Labour Government to renege on conference decisions.

Yesterday, he published the first, and most certainly ambitious, of these Bills. It would ban the siting of all foreign nuclear, chemical or biological weapons on British soil, air space or territorial waters. It would therefore require immediate dismantling of all U.S. nuclear bases.

Anyone found guilty of a breach of the Act would be liable to at least five years imprisonment.

The Bill is clearly designed to embarrass Mr Denis Healey, shadow Foreign Secretary, who strongly disagrees with the 1980 conference decision to ban U.S. bases.

The Bill, which was drawn up after consultations with the Campaign for Nuclear Disarmament, was signed by Mr Robin Cook, junior front bench spokesman on economic affairs, and last night other front bench spokesmen were complaining bitterly about Mr Cook's involvement.

The Bill has no chance of being debated at Westminster, but Mr Benn is hoping to demonstrate the strength of opinion behind it in the Labour Party by getting over 100 signatures for a motion to the same effect.

Last night, a group of Labour MPs were collecting signatures for an amendment, making it clear that Labour's policy was to ban British nuclear weapons as well as foreign ones based here.

The Bill embodies decisions taken at the 1980 Labour Party Conference. It was apparently sent to Mr Foot, the party leader, before publication, and Mr Benn said last night that he was sure that Mr Foot, as a committed unilateralist, would agree with its aims.

Mr Foot has been careful not to commit himself on the delicate question of U.S. bases, while Mr Healey has made it clear that he thinks a ban on U.S. bases would be incompatible with Britain's continued membership of Nato.

Mr Benn said his Bill set a precedent in that it shows that domestic legislation could be used as a vehicle for foreign policy. His tactics are loosely modelled on those of President de Gaulle, who gave President Johnson advance warning in 1966 that he wanted U.S. bases removed from French territory.

Jenkins 'guarantee' to jobless

BY PETER RIDDELL, POLITICAL EDITOR

THE LONG-TERM unemployed should be offered a guaranteed job, Mr Roy Jenkins, Social Democratic Party joint leader urged last night in a speech at the beginning of the Glasgow Hill head by-election campaign.

The guarantee forms part of a programme aimed at reducing unemployment by over 1m within two years at a net cost to the public sector borrowing requirement of £4bn. This is in line with proposals developed in a series of recent speeches by SDP leaders.

Mr Jenkins was more explicit than before about the SDP's intention of reducing unemployment to 4 to 5 per cent, equivalent to between 1m and 1¼m in the lifetime of a full parliament.

This compares with Labour's objective of reducing unemployment below 1m over the period.

Mr Jenkins said the jobs to back the guarantee for the long-term unemployed would be made available in a national campaign of housing and environmental improvement—projects like house insulation, house repairs and improvement, clearing derelict sites, improving pavements, or tending the parks, all activities where the costs of materials are low, the needs great, and where many of the unemployed have at least the basic skills.

Mr Jenkins said people taking part would be paid a bonus of perhaps £15 a week above their social benefits. The scheme would be organised by the Manpower Services Commission and the clients would be required to pay something for the services, though perhaps not much more than the cost of materials.

This guarantee was proposed alongside suggestions he has made in the past for a subsidy to employers who take on workers who have been unemployed for over six months. There would, in addition, be special measures to encourage youth employment and the job prospects of women.

The latter should be achieved by increasing spending on services which rely heavily on female labour, such as home help.

Mr Jenkins estimated that this emergency programme would reduce unemployment by some 610,000 at a net cost of less than £1½bn public borrowing.

An SDP/Liberal Alliance government would also take expansionary measures, such as reduction in the National Insurance surcharge, extra public capital expenditure concentrated on construction and housing, and a faster increase in the money supply than under present plans.

He said the money supply would be allowed to increase "a little more quickly" than under existing strategy, while interest rates would be rather lower, as would the exchange rate.

In another speech yesterday, in Nottingham, Mrs Shirley Williams argued that Britain would have to start to develop a high technology information-based society, but this would only occur when the appropriate management systems were developed.

This, in turn, would require a new responsiveness and a new accountability in Britain's local and central government.

SDP moves to end Co-op link with Labour Party

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE SOCIAL DEMOCRATS yesterday set out to end the 55-year link between the Labour Party and the Co-operative movement.

Mr Ian Wrigglesworth, one of the four SDP MPs who were sponsored by the Co-op before quitting the Labour Party, urged co-operative societies to submit motions to this year's Co-operative Congress calling for an inquiry into the movement's political associations.

Mr Wrigglesworth said the inquiry would be the first step towards ending the agreement which has bound the Co-operative movement's political wing, the Co-operative Party, to the Labour Party since 1927 in the National Council of Labour.

This would mean the end of the Co-operative Party in its present form.

Mr Wrigglesworth claimed there was no longer a role for the Co-op sponsoring MPs. Instead, he said, the movement should work with the Social Democrats to achieve its goals.

The SDP does not allow bodies to affiliate to it. But Mr Wrigglesworth yesterday urged both Co-operative societies and individual Co-operative members to give money to the party.

The Co-operative is a valuable ally to Labour. It sponsors about a dozen MPs and pays the election expenses of about 30 candidates. It also provides organisational help at elections.

Warning on use of Treasury economic model

By Peter Riddell,

A WARNING against misusing the Treasury's economic model has been made by Mr Jock Bruce-Gardyne, the Economic Secretary to the Treasury.

This followed the claim on Tuesday by Mr Peter Shore, the shadow Chancellor, that Labour's £9bn expansionary package would have favourable consequences on the basis of calculations made by using the Treasury's forecasting model.

Speaking in defence of an "overworked and much-quoted oracle," Mr Bruce-Gardyne said the model was a "seductive temptress: there is no mystery to its anatomy, but some get better results than others from it. This is because the Treasury model is no more than a system of equations designed to function within certain limits, which are set by past experience.

"The model is not equipped to take account of major shifts in policy with far-reaching implications for confidence and expectations.

"Yet these reactions are crucial to the effects that policy changes will have on the economy.

"The fact that the model contains a particular relationship does not guarantee that it would hold good in all circumstances.

"Considerable judgment needs to be applied in using the model.

Next week in parliament

COMMONS

Monday: "Guillotine" motion on Oil and Gas (Enterprise) Bill; Canada Bill, Third Reading.

Tuesday: Budget statement; private business.

Wednesday: Budget debate.

Thursday: Budget debate.

Friday: Private Members' motions.

LORDS

Monday: Travel Concessions (London Bill, Second Reading; Administration of Justice Bill, Second Reading; Deer (Amendment) (Scotland) Bill, Committee.

Tuesday: Pet Animals (Amendment) Bill, Third Reading; Civic Government (Scotland) Bill, Report; Short debate on the future development of Pitcairn Island.

Wednesday: debate on the National Health Service.

Thursday: Taking of Hostages Bill, Committee. Local Government (Miscellaneous Provisions) Bill, Committee. Representation of the People (Variations of limits of Candidates' Election Expenses) Order.

UK NEWS — LABOUR

TGWU firm on Labour leadership

BY JOHN LLOYD, LABOUR EDITOR

THE TRANSPORT and General Workers' Union will not change its system of choosing the leader and deputy leader of the Labour Party, despite widespread criticism at last year's Labour Party Conference that its decision to back Mr Tony Benn as deputy leader on the final ballot appeared to go against the wishes of its membership.

The executive council of the union, meeting this week, considered options for change, but decided that the system of a recommendation by the executive to the union's delegation to the party conference, which has existed for 60 years, should continue.

It will not attempt again to consult its members as it did last year, a process Mr Moss Evans, the union's general secretary, said yesterday had "not worked out as well as we had hoped."

The union's regions had conducted soundings at various meetings which appeared to show a majority for Mr Denis Healey. Mr Evans said that the union, which had then about 1.8m members, "had not given itself enough time."

Among options considered by the executive were one man, one vote; a special delegate conference; and choice of mandating the delegation by the executive.

Mr Evans said the biennial delegates conference next July might decide on a different system. The executive felt now that it should exercise the responsibilities for which it was elected.

It decided that in keeping with the "spirit of truce" in the Labour Party is should not allow Mr Alex Kitson, its deputy general secretary, to go forward as a candidate for the Treasurer's post in the party.

Mr Evans said the decision not to stand was taken in the first place by Mr Kitson himself.

Mr Kitson had strongly opposed the candidature of Mr Benn for deputy leader last year, and felt ha would be exercising double standards in opposing the present Treasurer, Mr Eric Varley, Shadow Employment Secretary, this year.

Mr Bill Morris, the union's secretary for the London busmen, said that a meeting with Mr Norman Fowler, the Transport Secretary, over London Transport's decision to raise fares sharply from March 21 after the Lords' decision on GLC "Fares Fair" policy had resulted in no "movement" by the Government.

Mr Morris said that the strike called by the unions of all their members in London Transport on March 10 against higher fares and cuts in services would go ahead. Further action was "under review."

A number of activities would take place between March 15 and March 21. The dispute between the unions and London Transport was a trade rather than a political dispute, he stressed.

LT confirmed yesterday that it planned to cut 2,000 workers from the 60,000-strong workforce this year, part of an overall total of 5,000 in the next two years.

New offer for power workers rejected

By Brian Groom, Labour Staff

THE THREAT of industrial action by 90,000 power industry manual workers drew nearer last night as union negotiators rejected a revised pay package which the Electricity Council claimed matched the miners' 9.3 per cent deal.

Mr John Edmonds, energy officer of the General and Municipal Workers' Union and secretary of the union negotiators, disputed the council's claim. Although he had not made a detailed assessment of the figures, he said the increase in the pay bill was "getting on for 8 per cent."

The two sides agreed to meet again in a fortnight, but the council gave the impression it had little or nothing more to offer. In that case, the unions will ask their members—probably by ballot—to support their rejection, which would be likely to mean industrial action.

The Electricity Council refused to put a percentage figure on its offer, because the pay structure is considerably different from the miners.'

The offer on basic pay ranged from £4.97 for a labourer earning £99.34 a week to £8.69 for a top craftsman on £137.05. The increase for foremen would be between £8.17 and £10.63. There are also increases in shift, stagger and standby payments.

Times talks

TALKS CONTINUED last night between Times Newspapers and officials of all three principal print unions in a bid to reach agreement on the company's call for 600 staff redundancies

Post Office bargains on rail contract

By Brian Groom, Labour Staff

THE POST OFFICE, British Rail'a second biggest customer, is using the effects of tho train drivers' dispute as a lever in tough negotiations over a commercial contract.

Mr Alan Clinton, tho Post Office Board member for mail and network development, said yesterday that he was particularly pleased with the way his corporation had coped with tho six-week dispnte in sending mail by road and air.

The proportion of first-class mail which they would normally expect to be delivered the next day fell by only 20 per cent.

The contract, worth about £49m a year, has been under renegotiation for 14 months. After a 10-year contract ran ont in March 1978 an interim three-year contract was signed. This has been rolled over.

Some 70 per cent of mail is moved by train, and the Post Office could not totally abandon the rail network.

But Mr Clinton said the disputo underlined how mnch scope there was for change.

He believes it has strengthened his hand in negotiating terms.: "Wo are in the midst of very big negotiations with British Rail, and they know that the Aslef dispute did not help their cause."

Plessey protest call

WORKERS occupying Plessey's Bathgate factory, near Edinburgh, have asked staff at other Plessey plants to stop work for an hour today in support of a campaign to stop closure of the Scottish plant, Mark Meredith reports.

The Court of Session in Edinburgh asked the workers yesterday to stato in writing why they did not obey an injunction originally granted to Plessey to end tho sit-in and reclaim the factory.

Teachers may act

Leaders of the second largest teachers' union today will discuss implementation of industrial action in pursuit of their 12 per cent pay claim.

The 120,000-strong National Association of Schoolmasters and Union of Women Teachers will consider a report from its Action Committee recommending withdrawal of goodwill and a ban on supervision of school meals in protest at local authorities' refusal to increase a 3.4 per cent pay offer.

Civil service union chief attacks Militant Tendency supporter

BY JOHN LLOYD, LABOUR EDITOR

THE GENERAL SECRETARY elect of Britain's biggest civil service union has atepped into a Labour Party row by denouncing a Militant Tendency supporter who is a candidate for the job as his union deputy.

This unprecedented move comes at a time when tho tension within the Labour Party, over the selection by local parties of militant spuporters is threatening to shatter the delicate concordate established between left and right at tho Bishop's Stortord conference in January.

Mr Alistair Graham—who succeeds Mr Ken Thomas as General Secretary of the Civil and Public Servants Association later this year—has written an open letter to the union's largest branch, the 8,000-member Department of Health and Social Security Office in Newcastlo. He strongly attacks Mr John McCreadie a CPSA assistant secretary.

Mr Graham says Mr McCreadie is a "well known supporter of the Militant Tendency"—the members of which "pursue their ideals by dishonestly infiltrating organisations like the Labour Party and trade unions like the CPSA."

Mr Graham beat Mr McCreadie in the poll for the general secretaryship of the union by 44,000 votes to 28,000. However, be believed a low poll may have favoured Mr McCreadie, and as evidence of his concern be will distribute the open letter to the DHSS members in Newcastlo next Monday.

Mr McCreadie, who was in Scotland yesterday was not available for comment. However, in a letter to the Financial Times he says the finances of the union's right wing should be examined and that the broad left of tha CPSA of which he is a member is "an open democratic grouping of CPSA members who are socialists and progressively minded people."

Threat to new ferry link as talks break down

BY ROBIN REEVES, WELSH CORRESPONDENT

TALKS HAVE broken down between Sealink and unions at Holyhead, North Wales, over workers' opposition to a rival daily Holyhead-Dublin service by the B & I Line due to start on Monday.

Mr Rommy Ross, representing the unions in the Sealink-owned port, said the Holyhead employees would refuse to handle any B & I vessel.

Any attempt by Sealink management to suspend staff for blacking B & I's vessel would lead to an immediate strike, he added.

The Irish Government-owned B and I line was originally due to operate from last Monday. But because of trade union opposition, which is supported by all 10 unions at the port, it agreed with Sealink to postpone the new service for a week. This was to give time for Sealink management to try to find a solution.

The Holyhead employees believe that the present Sealink/Holyhead service to Ireland is making a small profit. But the effect of a rival service by B and I would be to produce a £2m loss by the end of the year, threatening jobs at the port.

Caution urged on robots

BY OUR LABOUR EDITOR

WIDESPREAD introduction of robot technology could lead to intense resistance unless steps were taken to ensure job security, Mr Ken Graham, TUC assistant general secretary, said yesterday.

Mr Graham told an international conference of production engineers that the TUC had no illusions about a "no technology" option.

Such a path did not exist, but the story started, rather than ended, there.

"There is no doubt that if the introduction of robots, as of other new technologies, is mismanaged and takes place against a background of deflationary economic policies, and in the absence of positive manpower and industrial policies, the extra productivity could result in a permanent loss of a great many jobs.

"If this should happen the effect is bound to be intense resistance to change on the part of workers. For instead of being offered the chance to seek "security in change," they will have no option but to fall back on the far less desirable but quite understandable route of seeking security

Mr Graham's speech is a major restatement of the TUC principle that technological change is necessary, but must be controlled and accompanied by manpower policies. He referred pointedly to the mid-1980 refusal by the CBI to conclnde a national new technology agreement offered by the TUC.

THE PROPERTY MARKET

BY MICHAEL CASSELL

London office plans go ahead

FEARS that London's left-wing Greater London Council would put a blanket ban on new speculative office developments have so far proved groundless, according to the level of office planning approvals made since the Labour group came to power last May.

GLC officers have produced statistics to show that the local authority bad by the end of last month approved 56 office schemes comprising just over 4m sq ft.

Against this total, the council had opposed 19 schemes involving 3.1m sq ft. Almost 1m sq ft of this was contained in a single office development — the Greycoat Commercial Estates' scheme proposed for the controversial Coin Street site on the south bank of the Thames. The development is now the subject of a public inquiry.

Last year, Mr Ed Gouge, chairman of the GLC planning comcittee, boldly stated that London needed a massive increase in office planning permissions about as much as it required a Thames flood and added that there was no room for "grandiose speculative development in a Socialist London."

His comments sent shivers of apprehension through the development market — though stock market leaped ahead at the prospect of an office shortage—but subsequent events have shown the GLC's planning bark to be somewhat worse than its bite.

Labour councillors claim, however, that their aim to give priority to development stimulating industrial jobs, housing and other community gains has been misrepresented as an "anti-office policy."

The GLC figures show that in the City itself the council has so far approved nine schemes comprising more than 500,000 sq ft of office space. One scheme opposed by the council is Commercial Union's proposed 133,700 sq ft development at London Wall/Coptitall Avenue. Another CU schente, a 78,700 sq ft development at 1, Moorgate, was approved.

A similar picture emerges in Westminster where GLC officers say that the council has approved 678,000 sq ft of offices. It has so far opposed one scheme, the 207,000 sq ft development at St George's Hospital, Hyde Park.

While political considerations appear to have swayed the Labour group over the proposed commercial development of St George's Hospital the council apears to have taken a more pragmatic view of other office developments in the City and West End.

Councillors seem to take the view that as these locations are unsuitable for industrial jobs it has no reason to treat most office schemes other than on their individual merits. Residential accommodation in these areas is also unlikely to figure highly in GLC priorities.

A slightly different picture emerges in some of the inner London boroughs where the GLC's general office policy appears to have bitten more deeply. In north Southwark three office schemes of 158,000 sq ft have been approved and another three of almost 600,000 sq ft have been rejected. This figure, however, includes about 400,000 sq ft of office conversion proposed for the ill-fated King's Reach hotel complex—a scheme opposed by both Labour and Conservative councillors.

In Lambeth, the GLC has approved 132,000 sq ft of office space and opposed over a million sq ft of developments —but this includes Greycoat Commercial's Coin Street scheme.

Commercial property agents in London grudgingly admit that the GLC's office policy has so far had, with one or two notable exceptions, limited impact on the development scene. Although they emphasise that the commercial climate is not exactly conducive to office development in some of the areas where GLC opposition to office development is at its strongest.

The real test may be yet to come and GLC officers estimate a further 3.8m sq ft of office schemes are in the pipeline and due to be considered by the council in the near future.

ANDREW TAYLOR

Sackville Street auction hits ten-year high

PERHAPS the most valuable single UK property to go under the auctioneer's hammer in nearly a decade drew a full house of investors, developers and agents to London's Mayfair Hotel on Wednesday.

The centre of attraction was 9-15, Sackville Street, just off Piccadilly, a 29,000 sq ft office building on six floors and offering vacant possession. The auction — conducted by St Quiotin and Jones Lang Wootton — was on the instructions of Sir Richard Suttoo's Settled Estates, the freeholders, and the Bank of New South Wales, leaseholders.

Although the auction room was packed to capacity with over 100 people, there were about six serious bidders, and the winning £6m offer came from a mystery man in a City suit and a scarf who refused to declare his or the purchaser's identity before signing — by way of a deposit — a Bank of Scotland cheque for £600,000. It is understood, however, that the ultimate buyer is an Arab investment syndicate.

The auction was conducted by Chris Drury of Jones Lang, who began the proceedings by explaining that the sale method had been chosen in order to achieve a prompt, unconditional deal. Private treaty, he suggested, might have led to a deluge of ill-prepared offers which have resulted in a time-consuming tender process.

Mr Drury divulged that one of the auction team had dreamed of a successful offer from Mr "Tiny" Rowland's chauffeur before informing the opening £1m bidder that such a sum would only secure the basement, which was not being sold separately. Bidding rose in millions, then quarter millions and finally hundred thousands before the £6m mark was reached and the deal was done.

Mr Drury, who, at the start of the proceedings said he was "quietly confident" about the prospects for a good sale, expressed his delight at the outcome. The reserve is thought to have been around the £5m mark and potential buyers like Kurt Kilstock of London and Leeds thought the final price was too high in view of the further investment required.

Mr Drury's satisfaction was all the greater in view of his disappointment the previous week when an auction of 17 mixed properties left half the portfolio unsold. Several buildings were subsequently sold but some purchasers ended up paying more than would have been necessary, had they bought at the auction itself.

New listing planned

STAND BY for another addition to the ranks of publicly quoted property companies.

Everyone involved, from brokers Rowe and Pitman to bankers Hambros are maintaining a discreet silence on the forthcoming listing but it involves a company with total assets of £30m (net around £20m).

An announcement is expected within the next few weeks. The property portfolio is understood to include mostly retail investments which are located in the south east, although there is at least one investment in the north.

● Demand for office accommodation in Aberdeen has remained strong despite the recession and over 90,000 sq ft has been let in the past six months, according to agents Drivers Jonas. Rental levels have continued to rise steadily and figures of £7 a sq ft or more have been achieved in the West End district.

Cambridge gets offices

MILLER BUCKLEY Developments, an increasingly familiar name on the commercial property scene, is developing a £3m office and shopping scheme in Regent Street, Cambridge. The site is held on a 125-year lease from Downing College and the completed building—due late next year—has been forward sold to Scottish Life Assurance to show an initial yield of approximately 6½ per cent.

Office rents in Cambridge are standing at about £6.50 a sq ft, although no rent is yet being quoted. Knight, Frank and Rutley have been retained as joint letting agents with Carter Jonas. Jones Lang Wootton advised Scottish Life.

● Taylor Woodrow Property of Australia has bought a 50 per cent interest in an office development site at Margaret Street, in Brisbane's business district. Together with joint venture partner Fletcher Watts, the Australian building contractor, the company is to develop a 54,000 sq ft office building which will have a completed investment value of about A$11m. Fletcher Watts will be pre-leasing 15,000 sq ft.

● Mountleigh Group has, within weeks of its completion, let 12 Golden Square, Aberdeen, to the Royal Bank of Scotland on a 25-year lease at a rent of £70,000 a year. The extended and refurbished building has just over 9,000 sq ft of office floorspace. Richard Ellis and Paul Gee were joint letting agents.

Asda hits more Docklands problems

THE STRAINED relationship between the London Docklands Development Corporation and superstore group Associated Dairies appeared to be heading into troubled waters again this week.

Only last month Asda postponed the opening of a £6m superstore and district centre for the Isle of Dogs, largely because its management was unhappy about the provision of an improved road infrastructure within and approaching the Isle of Dogs area—or, to be specific, the pace at which thia improvement was being implemented.

This week, planning difficulties surfaced over Asda's other major Docklanda project at Beckton, a 100,000 sq ft shopping centre incorporating a 70,000 sq ft superstore and 30,000 of unit shopping within a closed mall. Along with 700 car parking spaces, the original coat of the scheme was estimated at £7m.

LDDC chairman Nigel Broackes yesterday explained the situation. The site, he said, belongs to the London borough of Newham which last year agreed its sale to the Linfood/Carrefour hypermarket combine, as well as agreeing plans submitted by the purchaser.

But Linfood bad problems of its own last year, including the sale of a major shareholding by the troubled Guinness Peat Group, a boardroom reshuffle and a bid from Mr Jimmy Gulliver's Argylle Foods. It pulled out of the Beckton deal and Asda—shortlisted first time round—is understood to have fought off competition from the Co-op and Sainsbury's before coming to terms with Newham.

Asda then came within the ambit of the LDDC which, says Mr Broackes, is not a planning authority but does have powers to control use and design within its territory. The LDDC is having to tread a delicate political path between accelerating development in the area and complying with Environment Secretary Michael Heseltine's exhortations on such matters as the quality of design. "People," said Mr Broackes, "have been worried that we would be too permissive."

The sticking point came over the "roofscape." It is understood that the LDDC planners asked for a pyramidical roof structure which would have added at least £250,000 to building costs and left Asda's own planners unhappy about the design as a whole.

It appears that Asda has now made modifications which Mr Reg Ward, chief executive of the LDDC, thinks will be acceptable. However, the situation is before the LDDC's planning committee next Monday, not as an application but "as a matter of principle for consideration" said Mr Broackes.

The meeting could see the end of this little local difficulty. If not, it will go in front of the main LDDC board next Thursday week, March 18.

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TELEVISION

BBC 1

6.40-7.55 am Open University (UHF only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bagpuss. 2.02-3.00 For Schools, Colleges. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Captain Caveman. 4.30 Jackanory. 4.45 Finders Keepers with Richard Stilgoe. 5.10 Grange Hill. 5.35 Ivor the Engine.

5.40 News.

6.00 Regional News Magazines.

6.22 Nationwide—First of a series of reports in the House of Lords.

7.00 "Mister Moses," starring Robert Mitchum and Carroll Baker.

8.50 Points of View with Barry Took.

9.25 McLain's Law, starring James Arness.

10.15 The Ian Wooldridge Interview (London and South East only).

10.45 News Headlines.

10.50 The Best in the Ballroom, with compere Ray Moore.

11.25-1.00 am The Late Film: "Dan Candy's Law," starring Donald Sutherland.

Chris Dunkley: Tonight's Choice

Yet another night when all the worthwhile programmes (which is not saying much) seem to be on BBC 2. With only a few days to go until the Budget, Newsweek makes the point that the taxation system and, more recently, the recession have had an unequal effect on the population and goes on to examine the distribution of wealth in Britain. Advanced publicity for the programme claims that "one per cent of the population still owns 25 per cent of the country's wealth." one of those statistics which are forever being quoted by groups such as the 7:84 company (who claim that seven per cent of the population possesses 84 per cent) as though there is a little red book somewhere in which one can look such things up.

Main attraction of the "Playhouse" production The Pigman's Protege is that it was written by Thomas Ellice, author of "Going Gently" which was the best television play of 1981. This new work is set in rural England in 1919.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Racing from Newbury.
4.15 Living on the Land.
4.40 Around with Alliss.
5.10 Score Reading.
5.35 Weekend Outlook.
5.40 "Sherlock Holmes and the Woman in Green," starring Basil Rathbone.
6.50 Dear Heart.
7.15 Spine Chillers.
7.25 News Summary.
7.30 Heroes.
8.00 Gardeners' World.
8.25 Newsweek.
9.00 Iris Williams and Sunshine.
9.30 Playhouse.
10.05 Cartoon Two.
10.15 Scoop.
10.45 Newsnight.
11.30-12.25 am Friday Night... Saturday Morning.

LONDON

9.35 am Schools Programmes. 11.55 Comic Stories. 12.00 Song Book. 12.10 pm Once Upon A Time. 12.30 Second Thoughts. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Elaine Grand and Simon Reed with the Rt. Hon. Jo Grimond, MP, "elder statesman" of the Liberal Party, in the studio to answer questions. 2.45 International Snooker. 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 The Haunting of Cassie Palmer. 5.15 Square One, presented by Joe Brown.

5.45 News.
6.00 The 6 O'clock Show, presented by Michael Aspel.
7.00 Family Fortunes.
7.30 Hawaii Five-O.
8.30 The Gaffer, starring Bill Maynard.
9.00 We'll Meet Again, starring Susannah York.
10.00 News.
10.30 The London Programme: Sex Shops.
11.00 Snooker—Yamaha Organs Trophy — from the Assembly Rooms, Derby.
12.00 Police Surgeon.
12.30 am Close: Sit Up and Listen with Wynford Vaughan-Thomas.

†Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Vet. 1.20 Anglia News. 6.00 About Anglia. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 Friday Late Film: "Savages," (TV movie) starring Andy Griffith. 1.20 am Encounters at Walsingham.

BORDER

12.30 pm Vet. 6.00 Lookaround Friday. 6.30 That's Hollywood. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 Border News Summary.

CENTRAL

12.30 pm Vet. 1.20 Central News. 6.00 Central News. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 Central News. 12.05 am Invitation to Terror: "A Taste of Evil," starring Barbara Stanwyck and Roddy McDowall.

CHANNEL

11.55 am Look and See. 12.30 pm Vet. 1.20 Channel Lunchtime News. What's on Where and Weather. 6.15 Emmerdale Farm. 6.00 Channel Report. 6.35 All That Jazz. 7.30 Hart to Hart. 10.28 Channel Late News. 10.35 Aujourd'hui en France. 10.40 Mysterious Tales. 10.45 Love American Style. 12.00 Three's Company. 12.30 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 12.30 pm Vet. 1.20 North News. 6.00 North Tonight including Sports Desk. 7.30 The Fall Guy. 10.30 Points North. 11.30 Snooker (The Yamaha Organs Trophy). 12.00 Wild, Wild World of Animals. 12.25 am North Headlines, Road Report.

GRANADA

11.54 am Wattoo, Wattoo. 12.30 pm Vet. 1.20 Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 The Sound of . . . Vince Hill. 6.00 Kick Off. 6.30 Granada Reports. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 For Adults Only: Romy Schneider in "Who Are You?"

HTV

11.50 am Cartoontime. 12.30 pm Vet. 1.20 HTV News. 6.15 Benson. 6.00 HTV News. 6.30 Mr and Mrs. 7.30 The Fall Guy. 10.28 HTV News. 10.30 The Good Neighbour Show.

HTV CYMRU/WALES—As HTV WEST except: 11.34-11.49 am About Wales. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Yr Hwyaid Gwyllt. 5.00 Y Dydd. 6.15-6.30 Report Wales. 10.30-11.00 Outlook.

SCOTTISH

12.30 pm Vet. 1.20 Scottish News. 1.30 Square One. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.35 Charlie's Angels. 10.30 Ways and Means. 11.00 Late Call. 11.05 Snooker. 12.00 Bizarre.

TSW

11.55 am Look and See. 12.27 pm Gus Honeybun's Magic Birthdays. 12.30 Vet. 1.20 TSW News Headlines. 5.16 Emmerdale Farm. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 10.32 TSW Late News. 10.35 Postscript. 10.40 Mysterious Tales. 10.45 Love American Style. 12.00 Three's Company. 12.30 am South West Weather.

TVS

12.30 pm Vet. 1.20 TVS News. 5.15 Watch This Space . . . 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 6.30 Friday Sportshow. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 Lou Grant. 1.00 pm Company.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 12.30 pm Vet. 1.20 North East News and Lookaround. 6.00 North East News. 6.02 Sportstime, with George Taylor, Roger Tames and David Burton. 6.30 Northern Life. 7.30 The Fall Guy, starring Lee Majors. 10.30 North East News. 10.32 Bizarre. 12.00 Superstar Profile (Roger Moore). 12.30 am Poet's Corner.

ULSTER

12.30 pm Vet. 1.20 Lunchtime. 4.13 Ulster News. 5.15 Near Here. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 6.30 Diff'rent Strokes. 7.30 The Fall Guy, starring Lee Majors. 10.29 Ulster Weather. 10.30 Witness. 10.35 Benson. 12.00 News at Bedtime.

YORKSHIRE

12.30 pm Vet. 1.20 Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 The Fall Guy. 10.30 Bizarre. 12.00 For Club and Country (the story of Hampden Park, Scotland's national football stadium).

(S) Stereophonic broadcast

RADIO

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

6.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Davis Cup Special: Italy v Great Britain. 12.00 (VHF only) Gloria Hunniford. 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 Jan Leeming (S). 7.30 Friday Night is Music Night (S) including 8.30-8.50 Interval (talk by Benny Green). 9.55 Sports Desk. 10.00 Listen to Les, says Les Dawson. 10.30 Anything for a Laugh. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Martinu's Last Year (S). 10.45 St. David's Music Week (S). 11.35 Style Galant (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 The Choice. 1.20 Midday Prom, part 2 (S). 2.05 Light Music Miniatures (S). 3.10 The Busch Quartet Plays Beethoven. 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play it Again (S). 7.00 Prokofiev (S). 7.30 Brandis Quartet of Berlin, recital from the Broadcasting Centre, Birmingham. Part 1: Wolf, Mozart (S). 8.05 Poetry Now. 8.25 Recital, part 2: Schubert (S). 9.10 Words. 9.15 Music In Our Time (S). 10.15 Book, Music and Lyrics (S). 11.00 News. 11.05-11.15 Guy Ropartz

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The True Cost of Fish. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Word! (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Poetry Please! (S). 4.15 Victims. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America, by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington delves into the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

Company's articles prevent takeover bid

HERON INTERNATIONAL LTD AND OTHERS v GRADE AND OTHERS

Court of Appeal (Lord Justice Lawton, Lord Justice Templeman and Lord Justice Brightman): March 1 1982

WHERE A company's articles of association provide that shares are to be sold at Stock Exchange prices, and where on issue the voting shares had four times the value of the non-voting shares, it is a breach of the articles to sell voting shares which are not quoted on the Stock Exchange for a price in excess of four times the quoted value of non-voting shares.

The Court of Appeal so held when allowing an appeal by Heron International Ltd (Heron) and others from Mr Justice Vinelott's refusal, in the Chancery Division on January 29 1982, to grant interlocutory relief to Heron in its action to invalidate agreements made between the second defendant, Mr Robert Holmes à Court, acting on behalf of Bell Group Ltd of Western Australia, and other defendants, the directors of Associated Communications PLC (ACC), whereby Heron was effectively prevented from making a bid for all the shares in ACC. The first defendant in the action was Lord Grade.

* * *

LORD JUSTICE TEMPLEMAN and LORD JUSTICE BRIGHTMAN, taking turns to read the judgment of the court, said that ACC, which carried on business in the entertainment industry, had an issued share capital of 54.272m. non-voting shares of 25p each, and 150,000 voting shares of £1 each. More than 50 per cent of the voting shares were held by the directors, including Lord Grade, and were not quoted on the Stock Exchange. The non-voting shares were quoted.

Mr Holmes à Court, a director of Bell, acquired 51 per cent of the issued non-voting shares in ACC through a company in which Bell held 44 per cent of the shares. He was appointed a director of ACC.

ACC held 51 per cent of the shares in Central Independent Television, programme contractors, and on December 31 1981, ACC and Central entered into an agreement with the IBA (Independent Broadcasting Authority) for the grant of a programme contract to Central. The provisions of the agreement enabled the IBA to terminate it if the voting share in Central or ACC was transferred or there was a change in the control of either, without the IBA's consent.

At an ACC board meeting which began on January 13, Lord Grade undertook to sell, on receipt of the IBA's approval, his voting and non-voting shares to Bell. The directors approved the transfer and signed irrevocable undertakings to accept the Bell offer themselves at 66p for non-voting shares and £3.20 for voting shares, in respect of all their voting and non-voting shares, subject only to the approval of the IBA.

On January 14 Heron offered to acquire the whole of ACC's issued share capital for £42.5m. ACC rejected that offer as it was bound to do under the directors' undertakings to Bell. Also on January 14, the IBA confirmed that if formal application were made in respect of proposed transfer of voting shares to Bell, the IBA would give its approval on certain conditions.

Heron issued a writ seeking, *inter alia*, an order restraining the ACC directors from approving or registering any transfers in ACC otherwise than in accordance with ACC's articles of association. Mr Justice Vinelott declined to grant interlocutory relief and Heron now appealed.

Article 29 of ACC's articles of association provided: "(A) A holder of ordinary shares who wishes to transfer any such share . . . shall give notice in writing . . . to the company that he desires to transfer the same. Such notice shall constitute the company his agent for the sale of such shares to such persons and in such proportions as the directors shall with the approval of the [IBA] decide and at a price determined as hereinafter provided.

"(B) The price for which such shares shall be transferred shall be:—(i) if the 'A' ordinary shares are, at the date of service on the company of the transfer notice, quoted on the Stock Exchange, London, the quoted price of the 'A' ordinary shares at the date of the transfer notice (ii) if the 'A' ordinary shares shall not be so quoted, a price agreed . . . to be the fair price . . . (D) Except in accordance with the provisions of this article no transfer of ordinary shares shall be approved unless the directors and the [IBA] shall agree."

The issue was whether under article 29 a transfer of voting shares could lawfully be made at a price in excess of the market value of four non-voting shares. If not, the purported agreements by the directors to transfer their voting shares to Bell at £3.20 per share as part of a takeover bid under which the non-voting shares would be transferred at 66p per share (equivalent to only £2.64 per voting share), would be incapable of implementation without the consent of all the holders of the non-voting shares or an alteration of the articles, or an appropriate proceeding in the companies court.

Article 29 had two purposes; first, to ensure that the IBA was able to perform its statutory duties, and secondly, to ensure that the holders of the voting shares, whose financial stake in terms of issued capital was only 1.1 per cent, should not be in a position to exploit financially their commanding voting power.

Sub-clause (A) of article 29 was clearly designed to achieve the first purpose. A sale could only take effect in favour of such persons as the directors of ACC and the IBA were willing to accept. Sub-clause (B) was equally clearly designed to achieve the second purpose.

It was indisputable that the provisions of sub-clauses (A) and (B), if they applied, were not going to be observed by the directors in respect of their own holdings of voting shares, and would not be observed by any other holders of voting shares who accepted the Bell offer.

Counsel for the defendants submitted that the restrictions of (A) and (B) were removed by the procedure authorised by (D). In other words, a transfer on sale of voting shares could lawfully be effected without the service of a transfer notice under (A) and at a price which did not conform to the regulations of (B), provided that the board of ACC and the IBA were in agreement. The IBA had under (A) alone all the power which it needed for the purpose of policing an intended change of control, and (D) in no way increased that power. Why was it necessary for (D) to state that "except in accordance with the provisions of this article," no transfer of voting shares should be approved unless the directors and the IBA agreed?

The provisions of (A) and (B) with their reference to price, indicated that "transfers" in (A) were limited to transfers on sale. Moreover, (D) was otiose unless it applied only to transfers not on sale.

The court was satisfied that article 29 (A) dealt with transfers on sale and article 29 (D) dealt with all transfers other than transfers on sale.

The arrangements made on January 13 constituted a breach of article 29(A). The directors could not bind themselves to implement those arrangements, and could not bind themselves to accept the Bell bid. The whole of the arrangements made on that date was unenforceable.

Appeal allowed.

For Heron: SA Stamler QC, Peter Curry QC, Robin Potts and Rhodri Davies (Slaughter and May).

For ACC and its directors: Richard Sykes QC and Leslie Kosmin (Nicholson, Graham and Jones).

For Mr Holmes à Court: Gerald Godfrey QC and John Osbrey Taylor (Titmuss, Sainer and Webb).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

WHEN Border Incident was pulled up three fences from home at Wincanton a week ago, Richard Head said he still had one ace to play with his injury plagued veteran.

This afternoon, at Newbury, the 12-year-old is entered in the Arkell Brewery Handicap Chase over two miles: a distance now totally foreign to him.

On recent showings, he will be hard pressed to complete the course, let alone cope with Washington Heights or Hutton Lad.

Washington Heights will probably start well fancied on the strength of his third place run in Wolverhampton's Shrewsbury Cup, but it is Hutton Lad to whom I shall be looking.

An 11-year-old owned by Sheikh Ali Abu Khamsin, Hutton Lad might well have given Beacon Light a hard run at Wincanton eight days ago but for an energy sapping blunder at the sixth fence.

A little rusty there on his first appearance in 13 months, he can, with the benefit of this run behind him, make his experience pay.

Nicky Henderson trains a smart young chaser in the making for Michael Thorne in Cruise Missile and I shall be disappointed if this half brother to Spartan Missile cannot complete a hat trick in the State Express Young Chasers' Qualifier.

Barring a mishap, Cruise Missile should have no problems this afternoon.

NEWBURY

2.00—Funny Spring
2.30—Cruise Missile***
3.00—Hutton Lad**
3.30—August Moon
4.00—Carved Opal
4.30—Hardly Time
5.00—Hasty Storm

HAYDOCK

1.45—Eddie the Snake*
2.45—Compton Lad
3.15—Hyde
4.45—Cima

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

When a price is put on executive effectiveness

John Elliott on an incentive scheme at Rolls-Royce Vickers

TOTAL SALARIES paid to the top 200 executives in Rolls-Royce Vickers can vary by as much as £5,000 to £8,000 a year as a result of financial incentives related to return on capital of individual profit centres.

The people affected are on basic annual salaries of £12,000 to about £30,000. David Plastow, the chief executive, believes that the incentive to gain the extra income—or the discomfort of losing it—is sufficient to push his top managers into working more effectively.

"It's effective work, not harder work that we're after," he says. "We want to motivate them to concentrate on matters such as stock levels, work in progress, margins and pricing."

Such high bonuses related directly to a top executive's achievements are controversial ann are disliked by many companies and by many managers. But Plastow, who has extended a 12-year-old scheme run by Rolls-Royce Motors into Vickers since the two companies merged in mid-1980 is convinced of the value.

Addressing a recent meating at the Policy Studies Instituta in London, he sent a shiver through some of his audience when he bluntly stated: "Too many top managers drift through the year being seen at the right seminars without any proper plan to work to in their companies."

His thesis is that the effective corporate planning needed to make the bonus system work properly is almost as good for a company as the consequential financial rewards are for executives.

He dismisses suggestions that the incentives are divisive and that the more common system of guaranteed levels of high pay plus perks is the best motivation. He acknowledges that the legacy of fudged schemes operating some 20 to 30 years ago has blackened the name of such incentives. But he says that effective planning, plus top-level supervision of targets and payments, gets over such problems.

Responsibility

The Rolls-Royce Vickers system covers 200 people who hold posts as divisional directors or as members of profit centre management committees. The basic criterion for admission to the scheme is that they must be responsible for decisions on the resources of their divisions and profit centres. So people earning as much as £15,000-£20,000 a year, who do not have that responsibility, are not included. This sometimes inclndes senior managers in larger units.

To suggestions that this must be divisive, especially with the managers who just miss out, Plastow says: "I've not seen any divisiveness at the border. And anyway it's a very specific scheme for the very top people just below the main board." (Main board directors are having a separate scheme designed for them related to earnings per share of the whole company.)

Objections from trade unions who wanted a share of what they regarded as "soft bonuses" were routed by evidence that their members' managers were receiving several thousand pounds less than in the previous year.

Separate targets are set for the return on capital employed expected from each of the company's 40 business divisions and profit centres, according to the company's centrally agreed plans. These are then vetted by a central finance committee, with Plastow acting as ultimate referee.

If targets are met, the people involved receive a bonus of 25 per cent on top of their basic salary. They then gain or lose 3 per cent of that bonus for every 1 per cent variation from the target.

Thus, if the target is a 20 per cent return and only 12 per cent is produced, there would be an 8 per cent shortfall which, multiplied by three, would knock 24 per cent off the bonus and only 1 per cent would be paid.

But if a 30 per cent return were achieved, that would be 10 per cent above the target which, multiplied by three, would add 30 per cent, producing a 55 per ceot bonus. This would be a relatively unusnally high result, and near the cut-off maximum of 60 per cent.

David Plastow: rebuts suggestions that incentives are divisive

Plastow insists that targets are adhered to and that allowances caonot be made for problems outside a management's control. One centre did lose out badly recently over a large order but there was no compensation. However special care would be taken in setting that centre's target the following year. One possible, though rare, concession might provide compensation for a senior executive nearing retirement suddenly hit, and worried, by bad results.

Interim payments are made in October-November when targets are clearly on course. The main payout is in early summer after the final results.

"These incentives do energise more effective work and they provide a focus for management. They also provide an opportunity to educate people in the principles of capitalism and they help a company's overall targetting exercise," says Plastow.

But he *adds* that the *main* ingredient on which all will depend is tha commitment of the chief executive who must be prepared to lead and stick to the scheme.

Not all the top management in Rolls-Royce Vickers agree with his enthusiasm. There were also several sceptics, if not opponents, at the Policy Studies Institute lunch. But for the most part they stayed quiet, perhaps because Plastow's ideas seem to be in tune with the times.

U.S. non-executives gaining ground

WHILE BRITISH and other European companies are still debatiog the merits of having more non-exectntive directors on their Boards, U.S. companies are scrambling for their services.

As a result, non-executive pay in the U.S. has received a big boost over the past two years, according to a survey by the Conference Board, conducted in co-operation with the American Society of Corporate Secretaries.

Even so, the pay of UK non-executives, most of whom hold only one outside appointment and who are generally a minority in the boardroom, is not far behind that of their U.S. counterparts at current rates of exchange. The UK average is around £4,800 a year, with a median level of £5,800. The median for U.S. non-executives in manufacturing corporations in 1981 was $15,000 (£8,200), up 30 per cent on 1979, though in financial companies the median was $11,000 and in other non-manufacturing companies $12,000—both up by about a third on 1979.

U.S. non-executive directors are normally in a majority in American boardrooms, and usually sit on several boards, according to the Conference Board, which surveyed about 1,000 U.S. companies.

Among the larger corporations, total pay is—not surprisingly—significantly higher. The annual median remuneration in manufacturing companies has reached $25,000, $15,800 in financial organisations and $21,085 in other non-manufacturing corporations.

Jeremy Bacon, author of the study, says it is not surprising that directors have been getting hefty pay increases in recent years. "Serving on a board is a bigger, tougher job than it used to be and it involves some significant liability exposure; it's a job that medands more than token compensation."

He notes that companies have begun to see board remuneration in a competitive sense. "They are realising that to improve their boards and keep good directors, they have to make the pay attractive."

Other findings of the study are:

- Most U.S. companies now provide liability insurance for directors and officers.
- Significantly more companies—*now more than a third*—are allowing non-executive directors to defer all or part of their board pay until they retire.
- A growing number of companies are providing extra remuneration for those non-executive directors who head various board committees.

Arnold Kransdorff

PRODUCT DESIGN

A bright idea that brought the kettle market to the boil

BY CHRISTOPHER LORENZ

IT LOOKS like a sea-sick coffee pot, which is why tha buyers of one of Britain's largest electrical discount chains refused to stock it. Only the intervention of their managing director persuaded them to put this revolutionary kettle on the shelves.

It went like a bomb, which is fair enough when you consider it is made from the same plastic as riot shields. Within 18 months of its launch in mid-1980 well over a quarter of a million people had bought one, it had won more than 12 per cent of the British kettle market, and it was being exported to the Netherlands, South Africa and the Far East.

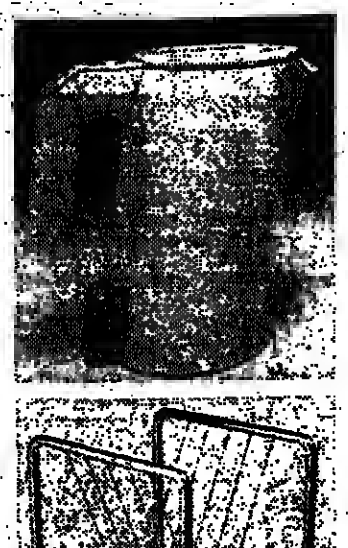
Delight

And all this from a company, Redring, which up to two years ago had been just a component supplier, making beating elements for the best-known kettle manufacturers.

This story is told with delight by Keith Grant, director of the Design Council, which tomorrow opens a three-week-long exhibition in London called "Success by Design." The episode is lent added spice by the fact that Redring is part of the giant GEC group, which is always being accused of lacking innovative flair and the readiness to take risks.

The Redring kettle is one of the centrepieces of the exhibition, along with such products as brightly-coloured kitchen hardware from Addis—which was founded 200 years ago to exploit the invention of the modern toothbrush—wallpapers from Coloroll (one of Mrs Thatcher's favourite companies) and louvre ventilators from Colt International (which publishes those repellent advertisements of sweaty men in overalls).

There are also displays from smaller companies, including Loncraine Broxton and Partners, which makes what one might call executive toys and tricks, including cube puzzles, something called a "mercury maze," as well as ballpoint pens that look like bananas, fish and even potatoes.



Redring's Autoboil and Loncraine Broxton's Ballrace: centrepieces of the Design Council's new exhibition on "Success by Design"

The company modestly describes *many of its inventions* as "lunatic," but they certainly sell well all over the world; nearly 50 per cent of its £2m turnover is outside the UK. Peter Broxton is said to take his own special hamper of succulent (real) food with *him* on his long export selling trips, to the annoyance of fellow passengers who have to make do with plastic airline food that resembles one of Broxton's look-alike products.

That the Redring kettle is a look-alike coffee-pot is no joke, however. It was based on careful research by the company into what people really wanted from a kettle; this revealed that the biggest single disadvantage of the traditional electric kettle was its inability to boil small quantities of water. The upright "Autoboil" allows as little as a single cup of water to be boiled, though it can take up to three pints; another innovation is a measuring scale on the inside surface.

Its Special Patrol Group-type plastic means it can be dropped without risk of cracking and can be touched safely even when it is full of boiling water. Perhaps most important, it is said not to produce the sort of plastic-tasting water that would *probably* be Peter Broxton's idea of a joke.

The smile on the face of Lord Weinstock, GEC's hard task-master, is prompted by altogether more weighty matters: money. The Autoboil's success has helped boost Redring's sales by almost a quarter in the current financial year, and the company's marketing manager, Graham Scarborough, says that in spite of the burden of its three-year £250,000 design, development and tooling programme, the kettle is already paying its way.

So enthused are he and his colleagues about their success that they are going into the cut-throat coffee-maker market, and next month launch what they claim is the world's first microchip-controlled instant shower unit.

Sniping

The design world is watching the company's progress with a certain amount of awe, but also some scepticism lest it should diversify too far, too fast and get its fingers burned, so to speak.

There is also a certain amount of sniping about the fact that Redring broke the rules by failing to engage a consultant to help with the overall design of the kettle, or at least to work on its appearance. Perhaps *it* would sell even better if a professional styling export was asked to give it a slightly crisper, steadier look. At least, that's what they say in the design studios around Tottenham Court Road and Covent Garden. But they would, wonldn't they?

TECHNOLOGY

EDITED BY ALAN CANE

Listening teleprinter

TRANSTEL Communications of Langley, Berks (0753 44222) has introduced a heavy duty receive-only teleprinter, model ALU, *which will be seen for the* first time at the Communications '82 exhibition in April.

The machine is capable of speeds up to 9600 baud and has input buffer store of 2048 characters. It can print in a variety of founts.

It has electronics on a single card and maintenance is relatively simple. It is understood that this lightweight machine will cost less than the current model AHR which the company has successfully marketed for some time.

Taking messages by micro

A MICROPROCESSOR-CONTROLLED store and forward message switch that can deal with 20 traffic lines and can operate in local or telex mode is to be introdnced by ATS (Communications) of Haywards Heath at the Comms '82 exhibition in Birmingham.

The beauty of this system is its flexibility. It can be connected to leased telegraph telex circuits for connection to a distant switch for example, or to V24 circuits for use as a local message unit.

Other facilities include supervisory control, continuous on-line diagnostics and monitoring of correct operation, priority message handling, accounting and statistics. More on 0444 52377.

Medical monitor

HEARTBEATS, blood presure and a host of other body measurements can be taken using a new biophysical amplifier from Gould Instruments, Ilford (telephone: 01 500 1000).

The equipment can take in information from a wide variety of sensors used in the medical world. It has two types of output signal; one is an analogue signal for recording or monitoring; the other is a 10mV per beats per minute signal for digital display.

Plant controller

TURNBULL CONTROL Systems of Worthing has developed a distributed microprocessor-based process control system called Micro-Vis with an entry price of about £17,000.

Using Micro-Vis, each part of the process is controlled by its own microprocessor, connection to a central processor being used only for overall supervision and monitoring of the plant. However, should the central supervisor fail, the separate control loops will still function normally.

The system will support up to 32 control loops, 16 programmer-controller units or 96 monitor-only points. The central supervising computer communicates with the micro-based stations over an RS422 bus and can be up to 1 km from the plant. More on 09403 205277.

Linking micros to the outside world

BY LOUISE KEHOE

MICROPROCESSOR chips form the heart of today's computer systems, but as the complexity of these logic devices increases, it is the chips that sit around the microprocessor that determine — more than anything else — what it is capable of doing.

These so called peripheral chipa are also the big money spinners in the microprocessor market. According to Motorola, the market for 16-bit peripherals will be worth $1.14bn by 1987, while 16-bit microprocessors themselves will represent a market of $358m.

Motorola, Mostek and Signetics have announced what is believed to be the most comprehensive set on peripheral devices yet seen for any microprocessor bringing to 22 the total menu of 68.000 peripherals.

These chips will greatly increase the potential applications of the original Motorola 68,000 16-bit microprocessor and give it a competitive edge over alternative microprocessors such as Intel's 8086.

Most of the peripheral chips are designed to allow the microprocessors—more accurately described as the "central processing unit"—to communicate with the outside world.

An example is the serial communications controller announced by Signetics. This part could be used to link the 68000 to a printer.

Also from Signetics comes an intelligent multiple disk controller that can be used to hook up the 68000 with up to four disk-type data storage devices.

Each of the new circuits replaces dozens of existing integrated circuits used to achieve similar functions in computer systems. Several of the peripheral devices are as complex as the microprocessor itself.

Each chip represents thousands of engineering hours of work. The product idea starts out as a computer model—a simulation of the device—which is then used to build a mock-up of the circuit out of standard electronic parts.

This is then put through extensive laboratory tests. The output of these trials becomes the input to a computer-based design automation system that assists engineers with the laborious task of creating the precise photolithographic masks like photographic negatives picturing the circuit elements and connections. These masks are used in the manufacture of the final integrated circuits.

One of the most important peripherals announced was the local area network interface circuit from Mostek. This device will enable computers built around the 68000 microprocessor to communicate with one another on an "Ethernet" local area network.

The use of such networks is expected to become widespread in the near future as companies increase their use of personal desk top computers. All the computers in a building could, for example, be tied together on a network so that they could swap information and share resources such as printers, or large databases.

As well as the new peripherals for the 68000, Motorola described plans for three new versions of the microprocessor.

The first will be an 8-bit version of the 68000 that permits a user to use less expensive 8-bit peripherals and memory devices while holding on to the possibility of upgrading to a 16-bit processor later. This could be useful, for example, in a personal computer system.

Upgrading the existing 68000, Motorola will also bring out a new version that supports "virtual memory" and "virtual machine" operations. Virtual *memory allows* the user to operate with a relatively small amount of data storage capacity built into the machine while allowing access to an almost unlimited number of disk and tape accessories.

The virtual machine concept is particularly useful in multi-user systems where it permits every user on the system to operate as though the machine were working for him exclusively.

System to prepare NC tapes

UNIVERSITY Computing Company is offering a mini-based system which, it claims, will simplify the task of preparing NC tapes—for any make of machine tool.

The system, called IAPT, is interactive: as the programmer enters geometric definitions or cutter motion commands, the software checks for errors and provides a diagnostic message so that any necessary correction can be made before continuing. Also, the system draws the geometry or cutter motion on a plotter for instant verification.

According to UCC, the programmer is able to write and verify programs faster than with any system available in the Western world at the moment.

UCC says that the 50 to 100 employee shop with a turnover between £1.5m and £2.25m is the ideal size of operation to use IAPT. But if the user company expands with the addition of more NC machine tools, the system

Not easy to fall off ladders

A FORMER window cleaner from Dundee has launched an invention which he claims makes it virtually impossible to fall off ladders.

Mr David Smith, who is now chairman of his own industrial and office cleaning company, has taken out world patents on his "limpit" device, which is largely the result of 10 years of *climbing* up *ladders himself* with bucket and chamois.

"I was always aware that something could and should be done to stop people falling off ladders," he said.

The limpit is based on the fulcrum principle and consists of an extending tube with tyred wheels which is attached to the top of a ladder.

Demonstrations show that with the limpit attached, the ladder, with a man on top, is *stable at angles about* 20 degrees with one leg of the ladder off the ground. An employee even hangs off an arm of the limpit without moving the ladder.

It can be adjusted for work on corners, rounded surfaces or to give easy roof access. A bottom of the ladder version is available for work on poles.

Mr Smith has set up a company in Dundee, Smith Ladder Limpit and invested £200,000 to make the device. The company will soon move into a new factory in Perth employing 40 people.

As well as the limpit, Mr Smith has developed a new form of safety girdle and a platform to attach to the top of ladders which he believes will make mobile scaffolding unnecessary up to ladder height.

"I will be very very surprised *indeed if we don't sell* 25,000 limpits in the UK alone this year and that is £2.5m," said Mr Smith who left school at 15 without formal qualifications.

According to Department of Trade figures ladder related accidents cost industry and the taxpayer about £100m a year and in 1980 20,000 people received hospital treatment because of falls involving ladders and stepladders.

"When this device is in use generally masses of people are going to be saved from injury. A man cannot fall off when he uses the equipment I have designed," he said.

Mr Douglas Stewart the company's legal adviser says that according to counsel's advica when the device has been reasonably publicised and established an employee who falls from a ladder could sue an employer for not providing a safety device which could have *prevented* the accident.

The basic limpit, which is at the moment for industrial use, costs £85. A do-it-yourself version for the handyman will be available later this year for about £35.

The system has already been demonstrated to British Telecom, British Gas and the Electricity Council and Mr Smith is optimistic that this will lead to orders.

Mr Smith thought of the device more than 15 years ago and made a prototype out of "two bits of old gas pipe and a pair of pram wheels."

He believes it is only recently that there has bean enough general concern about safety to make his product viable.

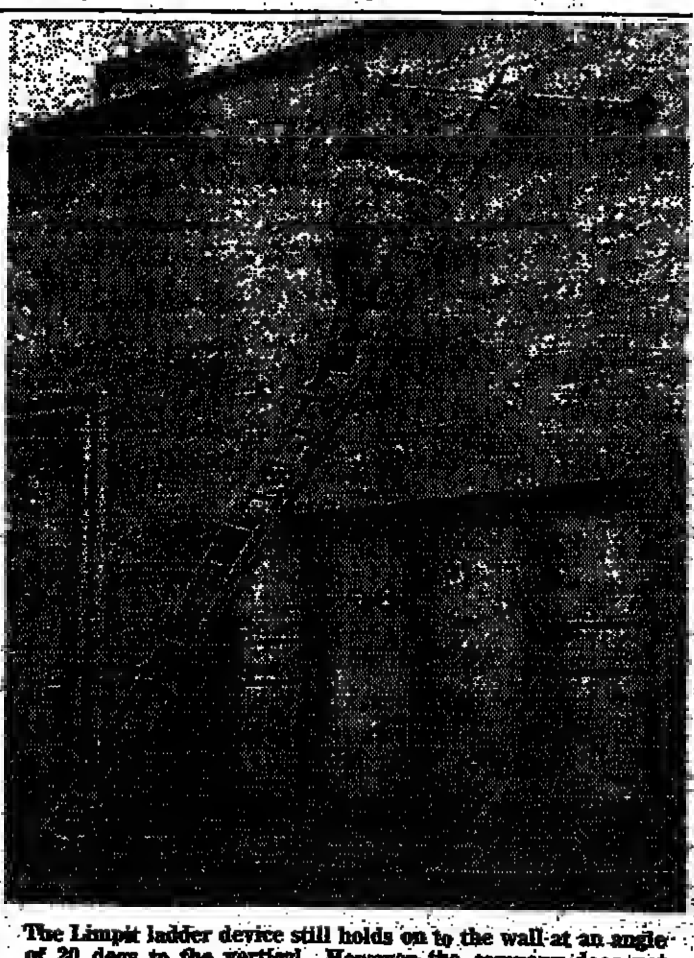
The Health and Safety Executive has seen a demonstration of the limpit and says, although it is not an approval agency it had no adverse comment to make on the device.

"We have seen it and although we do not know the loads and forces involved it does appear to stand up."

Distribution networks have already been set up for the limpit in the U.S., France and Australia and talks are underway in seven other countries.

When his inventions are well established Mr Smith says he intends to use some of the money helping other inventors to get their ideas off the ground. (More on 0382 28468.)

RAYMOND SNODDY



The Limpit ladder device still holds on to the wall at an angle of 20 degs to the vertical. However the company does not recommend that everyone works with the ladder in this position. The prototype was made from a pair of pram wheels and two bits of old gas pipe

All purpose gardening machine

DIGGING AND mowing, autumn, winter and summer chores for the gardener have engaged the attention of Maidenhead, Berks, engineering company, G. D. Mountfield, which has now come up with the Mountfield M1 Gardener. Using the same engine it can be used as a cultivator in autumn, winter and spring and as a mowing machine in the summer.

The secret, says Mountfield, lies in the clutch. All that needs *to be done to* change from cultivator to mower or vice-versa is to loosen a T-headed hand screw, pull out a handgrip to free the lug, lift the engine and transfer it from one unit to the other. The work takes only a few minutes and no spanner is required.

Four blades

Used as a cultivator, the unit has four hardened steel rotor blades to give a digging width of 22in (56cms). Depth can be controlled down to 12 ins (30.5 cms) by the use of adjustable skids for hoeing between rows.

Summer arrives and the mulching mower uses a rotary blade and contoured head to chew the clippings into tiny pieces.

The basic units costs £199.00 and the mower £78.00, both exclusiva of VAT. Mountfield is on 0628 39161.

MAX COMMANDER

THE ARTS

Cinema

Darby and Joan in Hollywood

by NIGEL ANDREWS

On Golden Pond (A) — Odeon Haymarket
Mad Max 2 (X) — Warner West End
Death Wish 2 (X) — Leicester Square Theatre and general release
Halloween 2 (X) — Warner West End, Classic Haymarket, Studio, Screen on Islington Green and general release
Chanel Solitaire (AA) — ABC Shaftesbury Avenue
Imposters (AA) — ICA

With Katharine Hepburn and Henry Fonda emoting away in seasonal tableaux as Spring, Summer and Autumn fleet by in rural New England, *On Golden Pond* resembles not so much a film, more a 1982 Hollywood Venerable Superstars Calendar. Old age advances but vitality does nnt recede in. Ernest Thompson's screenplay — culled from his nwn Broadway play—about two married nldies furloughing in their lakeside cabin. They tiff, they tattle, they exchange tendernesses, they philosophise, they entertain their once disaffected daughter (Jane Fonda) and her new lover and his young son.

The trouble with legends in their own lifetime is that, late on in that lifetime, they sometimes forget what made them legendary. This veteran vehicle for K.H. and H.F. is lubricated with the hest intentions—and honoured with the greener superstardom of J.F.—but it's a *dreadful old boneshaker* nonetheless. Thompson's never-miss-a-trick schmaltzification of this Darby and Joan requires Miss Hepburn to swap the machine-gun vocal lyricism that swooped her to splendour in films as diverse as *The Philadelphia Story* and *A Lion in Winter* for a soft-centred, mother-benning yackiness. And it requires Fonda — heyday-famed as Hollywood's handsome, sapling-fresh Mr Lean and Clean — to grouch and curmudgeon "lovably" under cross-tweezed eyebrows as an Eng. Lit. Professor ever more daunted by approaching death.

Jane herself is pulled out of the conjuror's hat whenever she's wanted. To wit, early-on to show that Things Are Strained hetween daughter and father, and late-on to heal the breach and hug Dad. And heavens-to-winsomeness, that means Jane and Henry, real-life consanguineous antagonists, together at last. Uncork the glycerine and assemble the *paparazzi*.

The film's middle chunk, meanwhile, is devoted to the young boy (Doug McKeon) whn is left behind to spend the Summer and catch fish and help dishwash with Katharine and Henry. Gee, he learns how wonderful Old People can be. And Gee, they learn how wonderful etc. The only characters who appear not to learn anything are the loonbirds on the lake, who are merely cued in to squawk symbolically whenever Fate or plot-twists loom large, like a rent-a-duck version of *The Cherry Orchard's* famous snapping string.

It is deeply sad that this mawkish rubbish should be upended over two great movie talenls who, unlike Fonda *fille*, do not have all that long to clear their way out of the debris ond erect a grander valediction. Hollywood being besotted with its own buman icons in old age, it's scarcely surprising that they are both in contention this year for Oscars. The statuettes would probably have been as ossiduously polished-up for them if they had starred together in a dramatisation of the telephone directory. *(On Golden Pages?)* Meanwhile, let your fingers do the walking to another cinema —perhaps one ohowcasing in revival a worthier classic from the Hepburn or Fonda *ouvres*.

*

Of the battalions nf sequels now marching into London *Mad Max 2* is firmly in the van. And in the tanker; since the futuristic Down-Under folk-hero played by leather-clad Mel Gibson, and last seen law-and-ordering through post-holocaust Australia, here devotes himself to rescuing a nomadic buncb of humans from mid-desert slege in an oil refinery. Can he escort them and their precious cargo of petrol—it's the only currency in the year Two-thousands-and-something—through the ring of enemies and then run a cross-country guantlet of car-chases to *hoped-for safety?*

Writer-director George Miller again paints an Australia that's like a goosed-up Sci-Fi version of Sidney Nolan myth-land. Burnished sands and bones and mirages; shanty-town *haute couture* of tin-bucket helmets, animal-pelts and war-paint; a shimmering vastness of Nature.

Yet Miller's Punk Primitivism isn't painterly-poetic. It has a vitality that jumps foot-first out of the screen at you; knocking off the hats of the people in front. The battle scenes are ferociously well edited and unstopably inventive. Tanks, jeeps and rusty "choppers" rev, roar and clash across the landscape. One pint-size warrior — the "Feral Child"—hurls hlade-edge boomerangs that prove a nasty surprise to those trying to catch them. Others sport spikes and snakes and chains and crossbows. And the car-chase at the film's climax—replete with boardings and blow-outs and capsizings and flying bodies—makes similar highway hokum in *Raiders nf the Lost Ark* look like edited highlights from the London to Brighton rally.

It might all be nasty, hloodthirsty and nefarious if it were not so belter-skelter and fantastical. The quickness of the eye deceives the stomach—you do not have *time* to *feel* queasy or to take nmbrage. And threading the majestic mayhem is a surreal wit and real pop-prophetic flair.

The dialogue keeps minting memorable *haikus* of incongruity ("For daya I was up here with the snakes, playing Mah Jong, drinking tea"), and Miller's version of the fnture as a giant animated junk-room of the past—an eclectic *danse macabre* of bygone technology —*gives* it o humon aroma all-too often disinfected in other films, with their Sci-Fi hymns to plostic corridors and *hygienic* hovercars. When a sequel has the energy and largesse of *Mad Max 2*, there is no sense of seen-it-all-before, only of priceless further delvings in o new seam of myth.

*

Death Wish 2 and *Halloween 2*, by contrast, are the March of the Clones. Charles Bronson's Mongolian mug and monotone burr are activated once again on the streets of America. He has moved his business address to Los Angeles after serlously redncing the population of New York, and muggers are once more as wheat to the threshing-machine when CB goes after them with his gun; administering the ahort sharp treatment to a gang of delinquents who rape his housekeeper and kill off his daughter. Michael Winner directs the appalling formulatory rubbish that results.

*

In Halloween 2 Jamie Lee Curtis screams the good scream in Haddonfield, Illinois, where the ruthless killer impervious to hullets is once more cutting up rough. Masked, menacing, and modelling its walk on Charles Bronson, it pursues Miss Curtis—injured and in ahock after Part 1—to a showdown in the local hospital. It *in turn is pursued* by bearded Donald Pleasence, one of those shoot-first-ask-questions-later psychoanalysts to whose couch one would hesitate to entrust oneself. John Carpenter, *Halloween 1's* mastermind, co-wrote the script but unfortunately did not direct. Rick Rosenthal did, and the result is for Z-movie addicts nnly.

*

Better, by a slight margin, *Chanel Solitaire*. This is the story of Coco Chanel, couturier *extraordinoire*. The laot time this lady leaped into entertainment legend, Katharine Hephurn was hoofing the role in a Broadwoy musical. "Coco!" its title cried. "*Locn!*" would perhaps be the best title for the film, as Marle-France Pisier's heroine works her way up to the top of the Fashion world on ladder-rungs of demented dialogue and peculiar hoyfriends.

There's Rutger Hauer with *his stable*: ("What's the matter with you? Aren't the horses good enough? What do you want?"). There's Englishman Timothy Dalton who appears to he amphibious: ("I've just driven down from London," be says one sudden evening in Paris). And there are others too *louche* and idiomatic to mention.

Miss F-Pisier herself wears the glam-garments with some chic and shows a plucky ability to cope *with* the *dialogue*. George Kaczender directed and Julian More wrote the characterful screenplay.

*

Lastly, Mark Rappaport's *Imposters*, an aromatic diverslon of cine-jokes and high-theatre soliloquies and murder and Egyptian backdrops, plays at the ICA. Rinse the week's sequels out of your mouth *with* a true orlginal.

Henry Fonda and Katharine Hepburn in On Golden Pond

Leonard Burt

Claudio Abbado, principal conductor of the London Symphony Orchestra, in rehearsal at the Barbican Hall with the Cellist Yo Yo Ma

Barbican Hall

Opening concert

by MAX LOPPERT

On Wednesdoy the Centre was declared open by Her Majesty the Queen, and then, while the Royal Shakespeare Company presented its pantomime in the theatre, Claudio Abbado and the London Symphony Orchestra inaugurated the concert hall. It needs repeating, even after so much emphasis nf the point, that the precincts of the Barbican are a depressing concrete wasteland — on Wednesday, a fleet nf buses was required to ferry the invited audience of nobles and notables through the labyrinth into safe keeping. Yet the arrival makes it all worthwhile. The spacious foyers, if not especially striking in decoratlon, concede interesting vistas; the facilities (Including library, music sbop, and gallery) are generous; and, best of all, the concert hall introduced itself as an environment genuinely made for muslc.

Too early, of course, to note in detail both the strengths and any putative weaknesses in its sound picture—while this opening concert, featuring a well-planned but fairly predictable programme, asserted the variety of those strengths, more unconventional combinations may later reveal the weaknesses. But the welcoming feeling is clear—a pleasantly wooded ambience (beautiful flooring), comfortable seats, above all acoustics that shed an indefinable quality of warmth, depth, and tonal sheen on all four composers given there on Wednesday. Soft playing carries (there wer ewonderful, rich-tinted pianissimos in the Elgar Celln Concerto, hanging on the air); the loudest climaxes of Ravel's *La Volse* rang out wlthout infringing on the listeners' pain tbresbold.

The concert was broadcast live on television (for half its length) and on radio; such occasions, played in a glare of lights and ceremonial pomp, are seldom the kind that find musicians in fully relaxed and communlcative form. Abbado's *Meistersinger* Overture was spacious but not wholly unified in ensemble. Ashkenazy, pianist in the Beethoven G major Concerto, hegan with breath-taking simplicity, and then alternated unexpectedly between visionary eloquence and a more prosaic kind of strength. That marvellously gifted young cellist, Yo Yo Ma, was the Elgar soloist—quicksilvery and brilliant in scurrying moods, rather too ready to layer the slow, sad passages with an excess of feeling. And *La Valse*, whirling its listeners out to a savagely disintegrating end, might be thought an odd choice of envoy for an npening concert, especially in such a fiercely unseductive virtuoso account. The thing worth emphasising is that in the Barbican London has at last a concert hall worthy of an orchestra bearing the city's name.

Festival Hall

Inori

by ANDREW CLEMENTS

If so far the "Music of Eight Decades" series, organised jointly by the BBC and the London Orchestral Concert Board has proved anything, it is that there is public for contemporary music if the names are sufficiently glamorous. When Boulez conducted *Pli selon pli* in the series last November the turnout was more than respectable, and on Wednesday for Stockhausen directing the BBC Symphony Orchestra in his *Inori* the Festival Hall was comfortably filled. *Inori* has been performed in London once before, at tbe Coliseum in 1975. But this was the first performance here of the composer's preferred version with two dancer-mimes in the solo parts, the admirable Elizabeth Clarke and Alain Louafi on this occasion, while Suzanne Stephens played the crucial and central temple bella and Markus Stockhausen took charge of the sound projection.

While the musical basis of *Inori* can be directly related to Stockhausen's earlier pieces of the 1970s, its use of *the two* mimes, crouching, kneeling and standing on a platform teetering above the conductor's head, was e new departure. Their gestures, precisely notated in the score, articulate the course of the musical argument defining (once the sign language is learnt) the pitch centres according to the height of the hands, the dynamic level by their spread and so on. So Stockhausen provides the listener with a visual gulde to the detailed structure of the piece, and takes the opportunity to embark on one of his most exhaustive explorations of the potential of an *Urgestalt*, which as in the earlier *Mantra* is the source of everything in the piece.

For much of the work's 65 minntes the progress ls slow, though os always in Stockhausen there are some exquisite moments. The whole sound world is utterly individual, coloured by bells and tuned metal plates, and given a warm envelope by the use of amplification around the auditorium. Only in the final "Polyphony" section, when all other aspects of the material—rhythm, melody, harmony and dynamics —have been explored does the music burst into ecstatic, swirling textures; magnificent music, a typical Stockhausen *tour de force*, but an awfully long time in arriving.

Loeb Theatre, Harvard

Orlando

by ANDREW PORTER

A new name to note—well, a new one in the world of opera: Peter Sellars. I'd heard about him. Up north, he had done modern-dress productions of *Don Giovanni*, Haydn's *Armida*, Handel's *Saul*. During the champagne aria, Giovanni shot heroin into his veins. Didn't care for the sound of that. But now I've seen his production of Handel's *Orlondo*, and I'm captivated.

Many things about this *Orlando* are remarkahle. For one, it io being played for a run of 40 performances, in repertory with plays, at the American Repertory Theatre, in Cambridge, Massachusetts. For another, it's being done uncut (as *Soul* was) — an honour Handel has otherwise been accorded only, I think, by Birmingham's *Giulio Cesnre*. *Its is performed in the belief* that Handel knew what he was doing and that *Orlando* is a whizzing dramatic masterpiece so persuasively that Boston and Cambridge are filling the theatre every night.

But how can I describe it without making it seem just another stunt production? Handel's libretto begins: "A country with a Mountain in Prospect . . . Several Genij at the Foot of the Mountain . . . *Zoroaster* contemplating the Motions of the Stars." The Cambridge synopsis begins: "The scene opeos at Mission Control, Kennedy Space Center, Cape Canaveral. Zoroaater—ocientist, magician, and Project Supervisor—is studying distant galaxies." Handel's scene shifts to a glade with Dorinda's rural cot, Sellars'a to a clearing in the Florida Everglades, where Dorinda has parked ber mobile home. Angelica, Queen of Cathoy, becomes a Philadelphia Main-Line belress, kitted out in impeccable riding clothes. Medoro, the *African* soldier she falls for, becomes e hurly, overalled working-lad, dazzled into desertion of poor Dorinda.

The essential plot is unchanged. The emotional situations are unaltered. (The opera is sung in Italian; a hilingual libretto costs a dollar, and the bouse lights are left up.) But for the magical apparatus of the *Orlando Furioso* Sellars has found contemporary analogues. Where Handel's Zoroaster despatches Orlando in an aerial car, Sellars's launches him in a rocket. Handel's Temple of Mars becomes a Martian landscape.

Clumsily executed, or conceived in a spirit of prankishness, such a production would be intolerable. But this *Orlando* is brilliantly, gracefully, and precisely bandled. The visual imagery (the painter Elaine Spatz-Rabinovich is the designer), is memorable and heautiful. The *acting is superh*, and the singing is eloquent.

In the trio that closes Act 1, Angelica and Medoro try to console the jilted Dorinda. Each complicated strand of feeling is surely spun — and ot the same time the three singers move through intricate, mazy patterns that seem not so much a gloss on the music as a marvellous, living enactment of it. Act II uncut is a breathtaking sequence of beautiful, emotional *arias* culminating In Orlando's famous mad scene.

Outstanding in the casts I saw (drawn from a double-cast pool) were the Jeffrey Gall, a countertenor, a powerful and poignant Orlando, and Sharon Baker's quicksilver, captivating Dorinda. But no one was less than stylish and winning, aod Craig Smith was a masterly conductor who set apt tempi, phrased sensitively, and responded to each surprising, unrehearsed flight of fancy with wbich the singers embellished their lines.

It is not the only way of doing Handel. And rare are the companies that can afford, as this one did, three months of careful rehearsal and "touch-up" rehearsal sessions before eacb performance. In England, most of Handel's operas have now heen revived — *Orlando* — in several productions. Most of the mistakes that can be made in their presentation have long since been made. (The hig companies contioue to make them). This Cambridge *Orlando added something new* to my experience — and it came as a revelation to audiences who had heard Handel opera only as travestied in things like the New York City Opera *Cesare*.

Mr Sellars is 24.

Saleroom

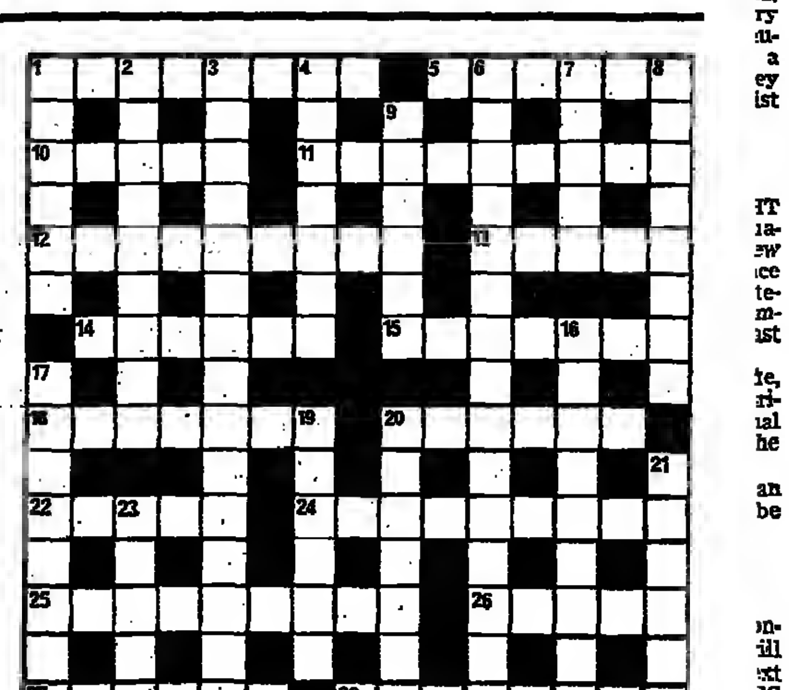
Record price for a Bakst

A watercolour oketch of "The Yellow Sultana" by Leon Bakst aold for £30,000 at Sotheby'a yesterday in a sale of hallet and theatre material. The buyer, an Iranian, will have to pay an extra 10 per cent in premium. The price just obout doubled the previous highest price for a Bakst drawing, paid last year.

A costume design by Bakst for a negro dancer io the ballet "Le Dieu Bleu" sold for £17,500 and another Bakst, a costume deoign for Judith for the ballet of the same name made £12,000. A 1912 watercolour, "Fantasy of modern fashion, Atlante," also by Bakst went for £8,800, and a design for two duelling figures by Alexandra Exter for £3,400. An abstract portrait of Diaghilev, executed in 1919 hy Natalia Gontcharova, sold for £2,800.

ANTONY THORNCROFT

F.T. CROSSWORD PUZZLE No. 4,814



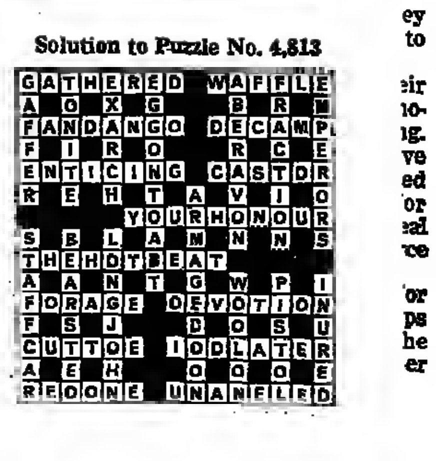
ACROSS

1 Aloofness of manner in a remote place (8)
5 Dull-witted and certainly not acute (6)
10 A story to baffle (5)
11 A leper, but could become well-thought-of (9)
12 Permit a play in parts (9)
13 Choose the élite (5)
14 Foreman making hlunder right (6)
15 Vegetables with fish in a shell (7)
18 Bird left one nut outside (7)
20 Animal producing putrefaction around lair (6)
22 Soldier returning in vehicle for a smoke (5)
24 Scrape fish for a monk (9)
25 Wild reckless person is to scold one East European (9)
26 Ventilated hat I tear apart (5)
27 Skinflint takes yen in tribulation (6)
28 One way to encourage fish (8)

DOWN

1 Spoil of French front (6)
2 Play defensively hut it could produce a boundary (9)
3 Naval vessel that requires more than one pilot (8, 7)
4 Officer in charge of inquiry gets a circular letter in recess (7)
6 Two gamblers getting this ahould be improving (6, 3, 6)
7 Rub me mistakenly for a bird (5)
8 Incident I would note in the twilight (8)
9 Maintenance aloft on part of castle (6)
16 Janitor concentrated on a unit of work that is around (9)
17 Range of opinions of various colours (8)
19 Elder sage and adviser (6)
20 Chemical test controller tore around a long time (7)
21 Airgun, back to front and upside down — from the Magyars? (6)
23 Species giving information to us (5)

Solution to Puzzle No. 4,813



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Friday March 5 1982

Proponents of devaluation

DESPITE Mrs Margaret Thatcher's repeated assertion that there is no alternative to present Government policy for macro-economic management, there does exist a clear alternative school of thought which now embraces practically everyone to the "left" of the Government itself. While there are many different expansionist schools of thought, which differ violently on such important matters as protectionism, wages policy and industrial intervention, all these critics seem united on a number of basic theses. The propositions which unite them are that Government policy is quite largely responsible for the present recession, and notably for the slump in manufacturing, and that a larger borrowing requirement and a lower exchange rate would do much to put things right.

'Thatcher effect'

This basic proposition is supported by factions in the Conservative Party, the Bank of England and the Confederation of British Industry, by the Keynesian school of economic forecasters, by the Social Democrats (so far as their views can be deciphered), the TUC, the Labour Party, and very possibly by analysts further to the left. This is an impressively wide consensus, and the case for an alternative has been stated in notably balanced and modest terms this week by the Clare Group, a band of distinguished economists writing in the Midland Bank Review. It deserves examination.

The case for Government responsibility is well stated. There is a good deal of professional debate about the exact size of the "Thatcher effect" on the unemployment figures, but few will doubt that it exists. As the Clare Group says, the notion that the discovery of North Sea oil made a decline in manufacturing inevitable is absurd. Policy could have been aimed to expand demand enough to absorb North Sea output, so that it would have been an addition to other forms of output rather than a substitute. This was not done.

What actually occurred—a constraint on total demand which squeezed manufacturing output violently, mainly through a large over-valuation of sterling—was not what Ministers intended or expected, but it would have been rather difficult for them to escape this dilemma even had they had better foresight. This is an unfortunate result of monetarist dogma—in the markets as well as in the Cabinet. The announcement of a sudden relaxation of monetary restraint in 1979, to accommodate the rise in oil output, would almost certainly have been read as a surrender to inflation.

Can we re-trace our steps now? The case for fiscal expansion and devaluation argues that we can, and that it is not too late to restore competitiveness and demand to a level which would generate a sharp rise in employment. This seems to us questionable on two grounds. First, it ignores the actual losses of capacity in recent years; and second, it ignores the beneficial effects of the shock to industry. As the Clare article points out, recent trends in productivity and exports suggest a real change in behaviour.

The case for sticking to the present course, then, is that the costs can probably not be recovered, but the benefits are only now appearing. Industry is responding in a salutary way to the challenge of a difficult competitive environment. This is not the moment to try soft options; after all, it was not for lack of stimulus that British industry declined for so many years, or that so wide a consensus—embracing Mr James Callaghan and Mr Denis Healey as well as Mrs Thatcher—grew up against macroeconomic stimuli.

Useful work

This need not, however, mean resignation in face of ever-rising unemployment. The case for employing idle hands on useful work rather than paying 3m work-seekers to do nothing remains a strong one, and the Clare article has some telling comments on popular and doctrinal prejudice against public services. We would repeat our own arguments in favour of higher public sector investment, now possible at minimum real cost and with minimal impact on the new sacred number, the PSBR. Naturally, the approach should be cautious; but while competitive constraints promise a healthy outcome in time, imaginary resource constraints serve no good purpose.

Opec faces up to reality

THE Organisation of Petroleum Exporting Countries has left it a little late. The emergency meeting of its members now contemplated for the end of the month will have great difficulty in steadying the oil market and supporting its existing price structure. Fellow members are very much at the mercy of Saudi Arabia, still producing 7m barrels of crude a day out of the organisation's total output which has declined dramatically to about 19m b/d. All the producers are under pressure to reduce prices. Iran and Venezuela have already done so.

Whiphand

As much as ever Saudi Arabia has the whiphand within Opec. It is unlikely that Sheikh Yamani, the Saudi Oil Minister, would agree to a drastic cut in his country's output of the order of 3m barrels a day required to influence decisively the world market. A smaller reduction would have only limited impact on the oil supply situation and maintenance of prices.

Clearly Saudi Arabia will try to ensure that any full Opec conference, to take place after the emergency consultative talks now planned, will only occur if there is a consensus in Opec on price reductions as well as production cuts. They have no wish to see a repeat of the scenes in Geneva last August when Venezuela stood out against a compromise on pricing and the meeting broke up in disarray.

The decision by the British National Oil Corporation to lower North Sea oil prices by $4 a barrel has cut the ground from under Opec's feet and made an emergency meeting of the producers' association in the near future almost inevitable. The North African producers — Nigeria, Libya and Algeria—which are in competition with the UK and Norway are in an especially weak position. In the absence of a production cut by Saudi Arabia, Opec has little choice but to bring down its rates in a co-ordinated manner. Such a move will be bitterly resisted, not the least by Iraq and Iran, two members still locked in war. They are in no position to see their revenues fall further. Libya can be expected to maintain its vicious verbal assault on Saudi Arabia which has been inspired largely by the Kingdom's relatively high level of output.

Opec as a whole is now paying for the mistakes of last year when the oil prices were set too high. The organisation now looks as though it will be compelled to surrender to pressure which it could have better resisted if more moderate pricing policies had been adopted over the past 18 months. The turning point came immediately after the start of the Iran-Iraq war in 1980 when it was realised that even without crude from two of the world's largest producers there was still sufficient oil in the world to meet demand.

Apart from Saudi Arabia most Opec states failed to appreciate weakness in the oil market resulting from unrealistically high prices. They underestimated the depth of the recession in the West. At the same time conservation measures have proved more successful and the development of non-Opec oil has been greater than was foreseen by anybody in 1979.

Sacrosanct

When official prices came under pressure in the middle of last year all Opec members, apart from Saudi Arabia, were adamant that the price levels then set were sacrosanct and should be adhered to as a matter of principle. Iran stuck to its absurdly high rates despite a rapid and dangerous depletion of its financial reserves. Now reality has to be faced.

The most sensible course for Opec now would be a moderate cut in Saudi output and a drop in the organisation's reference price from $34 to $28.50-$29 per barrel, a measure which will be very difficult for some members to stomach. For the consuming countries the disarray within Opec should not be seen as cause for jubilation (the cartel is likely to survive its present troubles), still less for any relaxation on energy conservation and on the development of new energy sources. Although some projects in the latter category have been made uneconomic by the recent drop in prices, it is encouraging that conservation efforts are being maintained. The structural adjustment to an era of high oil prices is unlikely to be reversed and is the West's most important safeguard against the power of the oil producers.

SATELLITE TELEVISION

The BBC steals a march

By Arthur Sandles

THE BBC yesterday took off into the satellite age. With ill-disguised glee it revealed its plans for two new channels from space.

It had been widely assumed that Britain would be among the last European countries to leap on to the satellite bandwagon. The UK has long treasured its broadcasting system and has introduced past additional channels only after considerable agonising. That Britain should endanger its broadcasting establishment so soon after the major reorganisation of ITV was regarded as unthinkable.

But the BBC had some inkling of the winds of change. Its team came back from the World Administrative Radio Conference in Switzerland in 1977 suggesting that, after the allocation of five satellite channels to the UK, the BBC should at least start preparing its case. At that stage, although the frequencies were known, the technological ability to make full use of them was still in doubt.

For example, satellites hundreds of miles above the earth are not normally static. They tend to wander about the ether in a figure-of-eight pattern that once took a Goonhilly-style tracking station to handle. But space technology moves fast these days. Now it is the satellites themselves, via tiny gas jets, that move. Thus the need for sophisticated ground dishes is greatly reduced.

The aerials which the BBC has in mind have a 90 cm diameter dish which, with ancillary equipment, would cost the viewer around £250 at the moment. This cost will of course fall rapidly as mass sales gather strength.

Over the years the BBC used its position as a single unit to diversify into publishing, exhibitions, records and, more recently, cable television. Unlike ITV, it did not need legislation to move into local radio. Psychologically, it considers all broadcasting territory its own by right. ITV, on the other hand, sees most new developments as a threat to the basic business of making TV shows and selling advertisements.

Thus it was that a year ago the corporation came up with its firm proposals. If someone else put up the satellite, it would rent two channels and these would be self-financing. As it demonstrated at a press conference yesterday, it could prove at the same time that the necessary reception equipment could be manufactured and thus offer work to unemployed Britons and a competitive edge to British exporters.

It proved an unbeatable formula. Like other countries, Britain has a theoretical five available channels. The BBC wants two—one scrambled service available only if a de-scrambler is rented, the other there for those viewers who pay a supplementary licence fee—in much the same way, and presumably policed in the same style, as colour television is handled at the moment in the UK.

The scrambler "channel" remains for the moment exactly as planned originally by the corporation. It will consist of first run features — "Many films these days have exhausted their theatrical potential in six to eight weeks," says Mr Alasdair Milne, BBC director-general designate — as well as sport, drama and popular entertainment.

(The corporation recognises that it is in for some tough negotiating with its unions for the price to be paid for work on these projects, and on the "residuals" for the use of programmes made in the past when satellite television was not even a twinkle in any producer's eye).

The BBC's second channel, the one paid for by a supplementary fee, will consist of repeats from the main BBC channels and, says the corporation wryly, some from ITV too.

All this seems to have caught ITV completely on the hop. It did not believe that the Government was serious; it was already tied up in its own international restructuring; and anyway it was unwilling to participate in something it saw as being part of the road to its own potential ruin.

Its memorandum to the Government in mid-January, only weeks after the Independent Broadcasting Authority had been making public its reservations about the idea of satellites in general, revealed some of the disarray within the ITV ranks. . . .

"It is clear that one or two companies must have legitimate reservations about participation, since they or some of their shareholders wish yet to debate whether there is greater advantage in taking an independent route rather than the route implied by involvement with their colleagues and the IBA," the memorandum said.

By the time this memorandum was written—it suggested the possibility of ITV involvement in two services very similar to those proposed by the BBC—it is safe to assume that the die was pretty well cast.

Nevertheless, the BBC believes that at the end of the day the Government, or at least a Tory Government, will want to see some ITV involvement and it is already adjusting its thinking to such a relationship.

Perhaps more fascinating will be the reaction of Britain's neighbours to the news. Ireland may not wish to see its own cultural heritage so rudely invaded. Elsewhere in Europe (as discussed more fully below) differing technical standards mean that there will be reception problems, heightened perhaps by satellite positioning, but a wily cable operator or enthusiastic householder should be able to overcome such difficulties.

Mr Colin Shaw, the IBA's director of television, said last night: "I doubt whether at least some countries are willing to see their own national services threatened by invading services without at least putting up a strong fight.

"Advertisers, for instance, need to sell their goods and are unlikely to put up strong opposition to reasonable regulation, on an international basis, of advertising practices. The current situation of the proposed Luxembourg satellite suggests that small countries with powerful neighbours are under considerable pressure to conform," he said.

It would be foolish to suggest that the ITV has lost the war, but certainly the first round in the battle has gone to the corporation. Mr Whitelaw's statement contained enough ifs and buts to allow some change of mind, but the corporation is already preparing its ground for further exchanges.

It has, for example, steadfastly insisted that the present two BBC channels will not be affected by the new services, other than to benefit from the small profit which Mr Milne sees coming from the space stations.

The big question remains, however, just how many people will watch satellite television and what its impact will be on present audiences and other forms of recretation.

Mr Milne refused to be drawn, indeed he became quite waspish when asked what the impact might be. None the less, that is the question that is going to be uppermost in many a boardroom this morning.

Trevor Humphries

Alasdair Milne (left) and Bill Cotton, BBC TV's director of development, with prototypes of Direct Broadcast Satellite receiving antennae

The satellites that may hover above Europe

The map of the European sky glitters with proposed broadcasting satellites, but Britain is further ahead than most with firm proposals. Politics and money have bedevilled many schemes as Governments have winced at their long-term implications.

Both France and Germany plan to use satellites for the transmission of the existing national programmes. In a joint Franco-German programme Aerospatiale, Thomson-CSF, Messerschmitt-Bolkow-Blohm and AEG-Telefunken are building two projects. These, TDF 1 for France and TV-Sat for Germany, should be launched on Ariane 3 the European space launcher in about two years.

Both nations will use two of the three available channels for their present TV systems. The third German channel will be used for radio, but the French have yet to decide on theirs. The satellite systems will be fully operational by 1985 when back-up facilities will be available in case the prime transmission vehicle fails for some reason.

Italy is linked with Britain in the L-Sat project which should be in orbit during 1984 and will give Italy two channels. At the moment Italy is considering one nationwide service and a second experimental channel during a pre-operational stage. When there are full back-up facilities, Italy will have a possible five channels

Much attention has been focussed on the plans of Luxembourg, the one country in Europe which has handed its broadcasting over to a commercial organisation. Luxsat, its protected satellite—launch dates and details yet to be revealed—has enormous disruptive potential. In theory Luxembourg has the ability to broadcast over most of the more prosperous regions of Europe, including South-East England. But in practice it has come under huge political pressure from the Germans and the French to hold its fire.

Luxembourg may decide not to fight very hard. Forecasts of the short-term profitability of broadcasting satellites are uniformly bleak and advertisers, so far, are unenthusiastic.

There was a brief flurry of concern over possible Swiss proposals for leasing one of its own channels to a commercial service. For the moment, the dust seems to have settled and the Swiss have no firm plans.

The Scandinavians, however, are well along the road with Nordsat. This will be a direct broadcasting service (others may yet opt for the satellite/cable alternative) which will give each of the four participating nations—Norway, Sweden, Finland and Denmark — three channels. The other two will be a pan-Nordic service aimed at the considerable Nordic internal immigrant populations (Swedes in Denmark, Finns in Norway).

A direct satellite service is one that can be picked up by a small domestic aerial. Otherwise satellite services are beamed to large dishes and then relayed to homes by cable.

Germany, however, is showing reluctance about getting into satellite transmissions. Chancellor Helmut Schmidt is openly concerned about the impact of too much television on the population of his country, and particularly about the impact of German language transmissions from Luxembourg or Switzerland which would be out of the control of Germany's tough broadcasting regulations.

Europe will almost certainly be ahead of the U.S. in the field of true direct satellite broadcasting. Although millions of Americans already receive satellite pictures these come into the home either via cable, or are picked up by huge private dish aerials cost from $1,500 to $6,000 and allowing the householder to bypass the local cable system. The present satellite services are an airwave equivalent of news or financial tape machines, churning out programmes for local cable companies to blend into their own services—as newspapers do—or simply pass on to subscribers.

DSB (direct satellite broadcasting) may come to the U.S. in the mid-1980s via Comsat. It has been estimated that six satellites would be needed for a nationwide service. Householders would need to rent decoders to pick up the signals.

Many other countries are using satellites or planning them, notably nations with vast territories which present difficulties for traditional tower transmitters—India and Canada for example.

Men & Matters

Lloyd banks on Robertson

Steel evidently appeals to Lewis Robertson, the Dundee-born former chief executive of the Scottish Development Agency who now takes over the chair at West Midlands castings and engineering group F. H. Lloyd.

Without getting too bogged down in detail, it will be remembered that neighbouring Cooper Industries seemed to be exerting a power in Lloyd's boardroom in excess of its 28.5 per cent shareholding. The institutional investors, with 38 per cent of the shares, decided that they wanted new blood at the top, and have found it in Robertson.

Robertson comes south as non-executive chairman, but does not intend to be a mere figurehead. Top directors will have their individual responsibilities, leaving Derek Jones, formerly a Cooper man, knitting it together as group chief executive. Robertson, meanwhile, expects to "spend quite a lot of time at Lloyd in the early months while the situation is stabilised."

Robertson recognises that Lloyd has been through some "turbulent times" since the controversial board changes last summer, but maintains that it is "a very long-established and very capable group of companies with a high degree of expertise." The troubles, he says, only affected the group "at boardroom level—on the surface."

The challenge reminds him, he says, of Grampian Holdings, the Scottish conglomerate which he ran for five years until 1976 when the SDA offer came up. He helped to treble Grampian's profits during his stay there and "restored its financial position."

His first task at Lloyd will be to "examine carefully the way the operating companies relate to the centre and to see if it needs any adjustment."

Robertson also wants to strengthen his management team. Executive directors are Ivor Ward, Alan Harris, Bill Kingett and Charles Harrison. Non-executives are Ronald Middleton, who was to have been appointed chairman before the boardroom started playing musical chairs, John Cooper, head of Cooper Industries, and Robert Foster, Cooper's golfing partner who has been sitting in the hot seat while the institutions went headhunting.

He is now looking for somebody with a "knowledge of heavy engineering" to join the board, and somebody else to help look after the books because these are also, he says, "turbulent times financially."

Recruits should be prepared for a castings couch which is not altogether comfortable. Lloyd dominates the steel castings industry, and has not so far given house room to the plan from merchant bank Lazards to re-structure the industry—even though many other castings groups like the idea of a phased reduction.

Is there a chance that Robertson will re-think the Lloyd view? "Naturally," he says. "I want to examine what is fundamental to the whole industry."

Cueing in

For a man who doesn't play snooker himself, Lolek Holzer seems to have found himself a profitable corner in supplying the green-baize tables to the family market. Battening on to the popularity of televised coverage of the game, Holzer's company Leisure Industries now plans to go to a quote on the Unlisted Securities Market with pre-tax profits last year of £482,000, twice those of three years earlier.

Leisure Industries was founded by Holzer's father in 1940, as a turnery which grew into the toy business. Lolek Holzer joined the firm when he left the army, and took over the reins on his father's death in 1952. It went into the snooker table business five years ago, and found a healthy market for its miniature tables through mail-order catalogue companies.

Leisure Industries has not overlooked the benefits of being in a TV-boosted business while many other UK toy manufacturers have staggered and fallen in what has, for the last couple of years, been a hard-pressed sector. Holzer's tables are marketed under the trade name "Pot Black," and have since the beginning of this year been endorsed by world snooker champion Steve Davis.

"Just to be on the safe side could I suggest something in base metal"

Turf accounting

Nature can take most of the credit for the beauty of Britain's lawns, says Dr David Hessayon, humbly accepting second place as the world's best-selling author of gardening books and a major supplier of the country's £91m market in garden chemicals and pesticides.

Hessayon, managing director of Pan Britannic Industries (PBI), the Baby Bio manufacturer, today publishes his 12th book—"The Lawn Expert"—in a series which has so far sold 20m copies and even been translated into Catalan.

Fondly known as "The Doc" at PBI, whose laboratories he joined 27 years ago, Hessayon's writings have become a substantial source of income for the Tennants Consolidated subsidiary, amounting to 5 per cent of its (undisclosed) turnover. His biggest success is "The Houseplant Expert" which, in various editions, has now sold 7m.

But the real secret of success in the gardening business, says 54-year-old Hessayon, is continual innovation. "In hard times, people want new ideas."

And if you tend the garden all day, what do you do in your leisure time? "The FT crossword," says Hessayon, "it makes me realise I'm not so clever at all."

Sorry state

Lord Carrington, recently described as a "duplicitous h*****d" by U.S. Secretary of State Alexander Haig, if we are to believe all that we read in the newspapers, seems to have received some sort of apology from his highly-charged opposite number. While not even the State Department is leaking details of the letter, Haig admits to having sent Carrington "a message which was, I guess, as outrageous and humorous as the leak portrayed."

Observer

POLITICS TODAY

'Who is Robin Nicholson?'

By Malcolm Rutherford

A REPORT on Science and Government from the Select Committee of the House of Lords on Science and Technology late last year contains the following comment: "The evidence indicates that . . . the power and influence of Chief Scientists have declined over the last five years and there has been an erosion and downgrading of the posts."

The Government refuses to say whether the comment is accurate and there will be no full response to the report until June at the earliest. But the fact that it could be made at all is a fairly devastating indictment of the approach of successive governments to science in general.

At the very time when science and technology have come to play such a large part in our lives — when, you might say, the future that people have been talking about for decades has finally arrived — it is alleged that the scientific input to government policy-making is decreasing.

Some of the anecdotal evidence tends to support the charge. For instance, a member of Mrs Thatcher's team who by way of his job belongs to practically every Cabinet Committee asked the other day: "Who is Robin Nicholson?"

Dr Nicholson is the Prime Minister's recently created Chief

Unusual in being a Prime Minister with a science degree

Scientific Adviser. But if even the Cabinet hasn't heard of him, there is clearly a problem of commuication.

Actually, there is also evidence for a counter view: namely that, after years of relative neglect, the Government has woken up to the fact that science matters. Mrs Thatcher is unusual in being a Prime Minister with a science degree; it would be surprising if that did not influence her thinking.

There is again the very political fact that many of the people who support the Social Democrats are scientists, technologists, managers of one kind or another who may well be reacting against the way that governments did not take science and technology seriously.

In other words, it may be that the intellectual argument is about how government should take more account of scientific possibilities. How do politics catch up with a future that is already with us?

Two examples can be cited to suggest that the present Government is at least having a go. The first concerns the "think-tank" or Central Policy Review Staff. The second is the appointment of Dr Nicholson.

Under Mrs Thatcher's administration the think-tank has gone quiet, unexposed to public view. The most that outsiders are likey to have heard of it recently is the announcement last week that Mr Robin Ibbs, its current head, is about to return to ICI to help the company's new Social Democratic Chairman, Mr John Harvey Jones.

The public silence does not necessarily mean, however, that the think-tank has been downgraded. On the contrary, there appears to have been a quite deliberate decision to use it as the giver of advice from behind the scenes. There has also been a tendency to encourage it to concentrate on scientific and industrial questions.

The latter point is partially regretted by some Ministers who note that it is not being consulted on social policy: for instance, its advice was not sought on the aftermath of last summer's rioting in Toxteth and Brixton.

Nevertheless, there can be little doubt about the power and influence of the institution. Mr Ibbs attends Cabinet Committee meetings and is allowed to intervene in a way that Sir Robert Armstrong, the Cabinet Secretary, is not. His interventions are said several times to have been decisive. For better or for worse, he is credited with having produced the crucial arguments against the gas gathering pipeline in the North Sea.

The think-tank has also developed a very distinctive style. It is still very small—never more than about 20 people, sometimes fewer and with no intention of expanding. The desired age for members is between 30 and 35 and they are expected to serve for about two years. About half of them come from the civil service and half on secondment from outside: from industry, the City, perhaps universities.

There is again a balance of specialisations: number of economists measured against number of scientists and so on. Its principal function is to deal with subjects that cut across departments. The gas pipeline was obviously one; the fixed link across or under the Channel is another.

The reason why the think-tank seems to work is precisely because it is small enough not to be a threat to the departments it sometimes challenges. In a highly bureaucratic world it is the best way of cutting across bureaucracy, and of course it has the Prime Minister's ear.

It has one further attraction to its members. No other experience will teach you so much about the machinery of British government. That is one explanation of why companies are keen to let their bright young people go there for a limited time. They bring back an invaluable knowledge of Whitehall.

Yet there are also drawbacks. The present use of the think-tank does not go terribly well with the theory of more open government. If Mrs Thatcher really believes she has refined the machinery of government by relying more on streamlined, behind the scenes advice, she ought perhaps to make a virtue of it and say so in public. Perhaps she could develop the think-tank further and turn it into a Prime Minister's Department.

Just now, there is excessive secrecy. It begins to look—as so often happens when a government has been about three years in office—as if the Prime Minister has found a way of running the machine, and that management is all that matters. It also looks, despite the think-tank's outside members, as if the Government is beginning to be dominated by the civil service.

There is the additional charge that the Government is getting a little bit too much into cahoots with industry — again behind the scenes: hence all the recent emphasis on the need for public investment in high technology.

It is the same with the appointment of Dr Nicholson. Why not make a public virtue of that and say that there is now a Chief Scientific Adviser with direct access to the Prime Minister, and indeed to practically everyone else, and that government is at last catching up with the times? Anyone who wants to give scientific advice should address it to him.

In fact, though again obscurely, that is what is happening. Dr Nicholson has been overwhelmed by the number of people coming to advise him on this or that. But it begins to sound like pressure groups. There has been very little public admission of the way that the Government's approach to science and technology has changed.

The report of the House of Lords Select Committee contains at least two recommendations that deserve a proper response. One is that there should be a Council on Science and Technology which would incorporate, and perhaps go beyond, some of the existing advisory bodies to the Government. The other is that the Council should produce an annual "state of the nation" report on what might be called the state of the art.

In the excellent House of Lords debate on the report on February 15, further suggestions were made. One came from Lord Swann: "I find myself wistfully wishing that in some way or other there were embedded in the governmental system a 'Department of the longer-term future. . . .' There is not enough long-term thinking in Government and there are many pressures which make it difficult to achieve."

Wistful perhaps, but one sees what he means.

It is not as if listening to scientific advice would necessarily cost more money. Sir Alan Cottrell, the Chief Scientific Adviser to the Government before the post was temporarily abolished in 1974, reminded the Select Committee that he had advised against Concorde. It was the politicians and professional civil servants who were profligate.

Again, Dr George Keyworth, the Science Adviser to President Reagan, said in a speech in London the other day that while the U.S. administration was keen on stressing research and development, "a little budget restraint would be good for science if it forced us to discriminate between vital and relatively dormant research areas, even between excellence and mediocrity."

Dr Keyworth is setting up a new White House Science Council not vastly different from that recommended for Britain by the Select Committee.

One final point from the evidence to the Committee seems worth recording. It comes again from Sir Alan Cottrell. Talking about science and government, he said: "There is what you might call the German-American model which is really a sort of benign laissez faire in which you do not interfere much with industry, but you create broad conditions under which industry by its own efforts can prosper. Then there is the French-Japanese system which is a dirigiste system. I

A different kind of administrative Civil Service

think that we have constantly tended towards the French-Japanese-system, without ever understanding it. The first thing, in understanding it, is to understand that you need a completely different kind of administrative Civil Service."

What I think is happening in Britain now is that a Prime Minister who started with a preference for the German-American system is moving under the pressures of office and election-timing to a preference for the French-Japanese—again without understanding it. We need to debate these systems more fully, and more openly.

Lombard

Reaganomics and Mrs Thatcher

By Anatole Kaletsky in Washington

TO "THATCHERISE" or not to "Thatcherise" that is the question. At least that was the question which troubled the original architects of President Reagan's economic strategy in the early days of his administration, since the first official use of the term "Thatcherisation" in the famous memo, avoiding a GOP economic dunkerque written just after the Presidential election by Mr David Stockman (now the budget director) and congressman Jack Kemp. Since then the tense of this question has changed ominously from the future conditional to the past perfect. Republicans are now asking themselves not how to avoid "Thatcherisation" in the future, but how to rescue an economic policy that is seen as already well and truly "Thatcherised."

"Thatcherisation" is not a complimentary term among U.S. politicians, despite their genuine admiration for Mrs Thatcher personally. Right wing leaders in the U.S. now point to British economic policy over the past three years only as a cautionary tale, not as an inspiration.

Stockman and Kemp used "Thatcherisation" to mean what they said was "the pre-eminent danger" that a stimulative economic policy which did not include a "believable plan" for controlling budget deficits would generate "pervasive expectations of continuing inflation." "Thatcherisation can only be avoided," they said, "if the economic policy package simultaneously spurs the output side of the economy and also elicits a swift downward revision of inflationary expectations."

This two-part recipe against Thatcherisation has enabled Mr Kemp and Mr Stockman, who are now bitter enemies, to blame each other's factions for Thatcherising the President's economic strategy over the past year.

For example, Mr Kemp's supply-side ally, Mr Paul Craig Roberts, recently wrote a magazine article accusing Mr Stockman of creating the conditions for a "Thatcherised Reagan administration" through his excessive austerity and his "policy flip-flops" (a reference to Stockman's opposition to the sharp and immediate tax cuts which the supply siders advocated). Meanwhile, Mr Stockman and other fiscal conservatives stick with the original criticism of Mrs Thatcher's policy for failing to reduce budget deficits and inflationary expectations.

The argument has more than just semantic interest, as a recent briefing paper for the congressional joint economic committee, written by the JEC's executive director, Mr James Galbraith, shows. Mr Galbraith, an opponent of Reaganomics, says that the Reagan administration was "acutely aware of the dangers of Thatcherisation — a term which to them meant disinflation at too great a social and political cost." But his analysis of the "supreme and delicate irony of Mrs Thatcher's policy" is quite different from that of the Republicans.

He argues out that the most distinctive feature of Mrs Thatcher's policy, the "rigid pursuit of quantitative monetary objectives" was designed to reduce the social costs of disinflation. The essence of "Thatcherisation" is that in fact this attempt at rigidity increased the costs.

"Although ballooning monetary numbers bore no relationship to the actual state of demand they undermined confidence in Mrs Thatcher's programme and probably generated pressure for higher interest rates and a more severe recession than would otherwise have been necessary."

Now consider the analogy with President Reagan. He thought he could reduce the social costs of disinflation by committing himself not only to a rigid monetary policy, but also to an even more inviolable fiscal plan. He has staked all his prestige quite unnecessarily on an inflexible three-year programme of tax cuts announced in advance. These might have been sensible taken one year at a time in the light of prevailing economic circumstances. But by "locking into" tax cuts regardless of their short-term economic consequences President Reagan has alarmed the financial markets. This in turn is thwarting the economic growth which could have mitigated the budgetary losses from cutting taxes.

Letters to the Editor

GLC precept a blow to business—and unnecessary

From the Deputy Opposition Spokesman, Finance and General Purposes Committee, Greater London Council.

Sir,—The imposition of a 93 per cent increase in precept by the Greater London Council comes as a shattering blow to many businesses in London already shouldering a heavy rate burden. The tragedy is that most of the increase is not really necessary.

In a letter to the Leader of the Council on January 14 the Minister of Transport said that he was prepared to introduce legislation to enable London Transport Executive to finance over a period of five years the £125m deficit arising from the reduction of fares which was found to be illegal by the House of Lords. The GLC has decided not to accept the advice and instead has budgeted to pay for the whole of the deficit in 1982-1983 and as a result will incur block grant penalties making a total cost to ratepayers of £200m in 1982-83.

The cost of financing the deficit over five years could probably be as low as £231m. The additional costs of only £31m is far less than the likely effect of inflation in the next five years.

The argument advanced by the GLC is that it is contrary to local government practice to borrow to cover a revenue deficit, and its future capacity to borrow in the money market would be impaired by this action. If there is any substance in this argument, which I doubt, then it is clearly missing the point that it is London Transport Executive which would be raising the loan and not the GLC.

The economic and social consequences of this decision to London could be disastrous as the additional rate of 7½p in the £ could be the final straw for many businesses in deciding whether to close down or move out of London.

Michael Wheeler.
Members' Lobby,
County Hall, SE1.

Supported by the broad Left

From the Assistant Secretary, Civil and Public Services Association

Sir,—I refer to the report (March 2) on the ballot for the Civil and Public Services Association deputy general secretary post under the heading "Militant Tendency finances probe urged."

Mr Ellis, who is supported by the union's Right wing, is trying to win votes using the media, not by honest discussion and debate on his record and his policies against my record and policies, but by hysterical smears and innuendos.

The FT, true to the traditions of the capitalist Press, has sought to highlight this attack and give encouragement to it. The broad Left in the CPSA, which is supporting me in this election, which includes members of the Labour Party who support the ideas of the Militant newspaper, is an open democratic grouping of CPSA members who are Socialists and progressively minded people. All monies spent by the broad Left and its component parts come directly from the donations of ordinary CPSA members who are prepared to contribute from their low pay in order to help build an alternative leadership to the Right wing, which currently controls the union and which failed the membership in the 1981 civil service pay campaign: and which is destined to repeat the same failures this year.

It is a pity the FT does not ask who finances the union's Right wing or for that matter the Solidarity Group in the Labour Party. Perhaps the speculation about monies from employers' organisations and the GIA would prove embarrassing.

I trust that in any future coverage of the election and in all CPSA affairs, there will be honest and open reporting by the FT.

John Macreadie.
CPSA HQ,
Park House,
Wandsworth, SW18.

Management quality in the long term

From Mr J. Nye.

Sir,—Sir Arthur Knight's proposals (February 22) for monitoring strategy will have an obvious appeal to institutions not obsessed with their short-term survival. These institutions, well versed in vetting shorter term financial implications, will also need to assess the commitment of managements and workforces. A sit-in, strike, lock-out or bid wrongly timed is likely to be at cross purposes with the best laid financial strategy, yet may seem an appropriate short-term response. What is happening at the Times is an example, for short-term job security is uppermost in many minds today. Glossy prospectuses for the supply of genuinely needed goods and services are one thing; what cannot be so easily promised is the backing of management and the lead they will give to the workforce.

Sir Arthur's teams will need to strike a balance between these social factors and getting their sums right. Monitoring the ability of managements to implement strategy is the real challenge to which institutional shareholders must rise.

John Nye.
20 Court Road,
Tunbridge Wells, Kent.

New push needed for law reform

From Mr J. Boyd.

Sir,—As any practitioner or layman who has had to study legislation well knows, the modern British statute tends to be long, detailed, drafted in what seems to be technical jargon and strewn with references to other legislation.

Continental legislation is usually brief, comprehensible and confined to staements of principle. For example, the law on company taxation in the Netherlands can be printed, I am told, in a booklet the size of a pocket diary. Our situation may be getting worse: for instance, Halsbury's edition of the statutes for just one year (1980), including the publisher's notes, runs to a record 2,700 pages in two volumes. (Who said that the Government believes in less regulation?)

Our statute law is not even easy to find. Acts of Parliament are often changed by later legislation, but the copy of the Act sold by HMSO will be the original version with no trace of subsequent amendments. To know how statutes have been up-dated requires access to a law library or publishing service.

The present mass of legislation, and the manner in which the Government publishes it, make it difficult enough to ascertain what the law is, let alone how it should be improved. The study and analysis of new law has become an industry in its own right. The cost to the country of such a system must be enormous. It is for Parliament and Government to give law reform the "new push."

John Boyd,
123a, Ashley Gardens,
Thirleby Road, SW1.

Objective analysis

From Mr I. Davison

Sir,—Your article (March 3) on the audit commission debate addressed the need for independence and quoted me as indicating that our firm does not undertake consultancy work for audit clients. This is untrue, though there have been occasions when we have declined a specific engagement because it might conflict with our audit reporting responsibilities.

Our position is clear. The professional man, whether an auditor or consultant, must conduct his analysis objectively without influence or pressure affecting him; he must base his conclusions on independent evidence objectively obtained; and he must report his conclusions without fear or favour. These are the tests that we and all firms strive to apply to all our work both in the public and private sectors.

Ian Hay Davison,
Arthur Andersen and Co.,
1 Surrey Street, WC2.

Oil-fired success in Aberdeen

From Mr M. Weston

Sir,—I would like to congratulate Mark Meredith (February 25) on one of the most accurately published assessments of the oil industry in Aberdeen to date.

It is, of course, quite true that fish-processing, textiles and paper making have declined in Aberdeen over the past few years but it is also true to say that this has been a national and international trend and to place the blame on the oil industry for its effect on Aberdeen is not correct. Indeed, had there been no oil the decline of these local industries would certainly have left Aberdeen in the sorry state of the other Scottish cities that Mark Meredith mentions.

Many of the Aberdeen workers did rush to the oil industry in the early days and I believe that this was probably accelerated by the fact that the local wage rates at that time were markedly below the national average. Those who made the transition should not only be grateful for their present prosperity but should also ponder on the fact that without oil they may very well have been living on unemployment benefit by now.

Malcolm D. Weston.
77 Howes Drive,
Aberdeen.

UK COMPANY NEWS

Ransomes Sims back to profit in second half

A MUCH BETTER performance in the second half at Ransomes Sims and Jefferies pulled this machinery manufacturer back into the black by the year end. Pre-tax profits for the last six months of 1981 expanded from £659,000 to £1.14m, although overall the figure came out at £1.03m, compared with a previous £2.32m. Group sales dropped by £6.8m to £42.19m.

The dividend is maintained, however, at 11.14p net per £1 share with an unchanged final distribution of 8p.

Mr Geoffrey Bone, chairman, says that despite the second half improvement there are few positive indications of a significant upward trend. The benefit of cost savings initiated in 1981 will be more fully felt in the current year, he states, and the group will have a much sounder financial and industrial base as a result of progress made in rationalising its business and achieving greater efficiencies.

"This should enable us to move towards a better level of profitability in 1982."

Positive work will continue to reduce stock levels and the size of the manufacturing organisation to bring them more in line with the expected level of sales, which will have a further beneficial effect on borrowings this year, Mr Bone says.

He explains that the stability of the group's financial position has improved over the past 12 months. In particular, parent company borrowings were reduced appreciably, the two main contributory factors being a reduction of stock of both finished products and work-in-progress, and a satisfactory sale of operations peripheral to its main business.

Group trading profit for 1981 was £3.79m, against £5.07m, but interest charges were the same at £2.75m. Tax took £113,000 (£447,000 credit), and after minority credits of £15,000 (£3,000 debits) and an extraordinary debit, much higher at £1.51m (£922,000), the attributable figure came out at a £570,000 loss, against a £1.84m profit.

Dividends take £626,000 (same) and earnings per share are shown as 16.7p (49.6p).

● comment

The unrelenting climb in borrowing at Ransomes Sims and Jefferies has finally been halted. Though down from the unnerving £13.6m peak—70 per cent of equity funds—of 12 months earlier, the size and timing of the cut was only enough to hold debt servicing costs unchanged by year end. A more appreciable reduction is expected in the current year as the pruning of heavy stocks and work-in-progress continues. Meanwhile operating margins gain from the halving of the workforce since 1979, and other cost savings should show their full effect in 1982, without the sting in the tail of more redundancy costs. Reversing the divisional pattern of recent years, an uncertain outlook for grass cutting equipment promises to be offset by better demand for farm machinery both at home and overseas. With the shares putting on 2p to 180p on the results a fully taxed historic p/e near 20 acknowledges that the seeds have been sown for further recovery.

Mining, Page 20

Bids, Page 21

W. N. Sharpe rises and pays more

PRE-TAX PROFITS of W. N. Sharpe Holdings improved from £5.12m to £5.74m for 1981 and with stated earnings per share coming through higher at 41.3p, compared with 37.2p, an increased final dividend of 4.5p raises the net total by 1p to 8p per 25p share.

After six months, with taxable profits ahead at £2.6m (£2.22m), the directors expected "satisfactory" results for the year despite some continuing lack of buoyancy in demand.

Full year turnover of the group, a manufacturer and publisher of greetings cards, was almost £1m better at £15.57m against £14.58m.

The taxable surplus included gross income from investments £273,000 higher at £956,000. Tax took more at £2.72m (£2.4m).

Current cost adjustments reduce the pre-tax figure to £4.87m (£3.94m) and earnings per share to 29.4p (21.2p).

Mitchell Cotts advances 21% to £4.3m midway

INCREASED PROFITS from the UK transportation subsidiaries of Mitchell Cotts Group and "very satisfactory" results from Bruda International, acquired during the year, helped boost first-half taxable profits to December 31 1981 of this international engineering, transportation and trading group by 21 per cent from £3.58m to £4.32m. Turnover advanced from £159.74m to £190.56m.

The interim dividend is being lifted to 1.5p net (0.65625p) per 25p share to reduce the disparity between it and the final. Last year a total of 3.61125p was paid out of pre-tax profits of £9.14m (£9.02m). Earnings per share before extraordinary items are stated for the six months at 1.47p (1.85p).

Mr P. P. Dunkley, chairman, says the group's outlook depends on conditions in South Africa and Australia and there is evidence, particularly in the mining sector, of an increasing downturn which is affecting many of its clients there.

Taxable profits were struck after interesht charges of £3.13m (£2.77m). Tax took £2.57m (£1.68m) and there were minority debits of £849,000 (£900,000). Following extraordinary credits of £2.45m (£422,000 debits), comprising the net profits on the disposal of assets—primarily in South Africa—of £2.53m, and re-organisation costs and termination expenses of £81,000, attributable profits emerged at £3.35m (£580,000).

● comment

The interim figures of Mitchell Cotts provide a considerable boost to recent hopes that the big overseas contractor is finally getting off an eight-year profits plateau. But the cautious comments on the outlook may mean that profit growth will be slower than the 21 per cent rate set in the first half. Certainly the chairman, who is also a director of Consolidated Gold Fields, is well placed to assess the outlook in the South African and Australian mining sectors. However, MC will benefit in the second half from the elimination of most of the minority charge following the purchase of the remaining shares in its South African subsidiary. Also the finance and tax charges should be much reduced by interest earned—in the UK—on the initial deposit on the big Nigerian contract. At 52½p, unchanged, the shares are well supported by a 10 per cent yield and assets worth 88p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Derek Crouch	3.42	April 2	3.42	5.05	5.05
Family Inv. Tst.	3.6	May 13	3.6	6	6
Law Debenture	5	April 17	4.75	8	7.25
Macallan-Glenlivet	4.7	—	4.24	9.2§	6.49¶
Medminster ....int.	1.5	April 4	1.5	—	3.7
Mitchell Cotts ....int.	1.5‡	May 10	0.66	—	3.61
Ransomes Sims	8	May 17	8	11.14	11.14
Rea Bros.	1.28	April 21	1.06*	2	1.67*
Rentokil	1.8	May 5	1.6	2.85	2.55
W. N. Sharpe	4.5	May 1	4	8	7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity with final. § For 17 months. ¶ For 12 months.

Tavener Rutledge in the black

AN INCREASE in home sales more than offset further erosion of export sales helping Tavener Rutledge return to profits in 1981 for the first time since 1976. This sugar confectionery manufacturer reports taxable profits of £32,125 against losses of £87,137 last time.

Mr William Tavener, chairman, says that, whereas the national consumption of sugar confectionary by volume in 1981 was 2 per cent lower than in 1980, the company's sales were up by 16 per cent.

He says that with the new initiatives in product development and cost reduction as well as increasing effectiveness of the UK sales operation, the company should be able to show further improvements this year.

He points out that borrowing levels were also significantly lower, resulting in a reduction in interest charges—£159,847 against £222,362 last time.

A dividend has again been passed. The last payment was a net final of 2.904p per 20p share in 1977.

Turnover rose from £6.64m to £6.87m. There was a tax credit of £2,180 (nil).

Rea Brothers improves at net level

Net profits of Rea Brothers, merchant banker, improved from £750,000 to £825,000 in 1981 and the total dividand is effectively raised from 1.67p to 2p with a final payment of 1.275p net.

A 13-for-20 scrip issue is also proposed, with the new ordinary ranking for dividend after January 1 1982 and ranking pari passu with the existing ordinary.

FLEET HOLDINGS AT A PREMIUM

The stock market debut of Fleet Holdings, the former newspaper and publishing interests of Trafalgar House, proved a bit stronger than expected. The shares opened yesterday at 23p and rose to 25p during the day's trading.

Dealers said turnover in the new shares was better than expected. The shares closed at 23p, 3p over par value.

SPAIN

March 4	Price %	− or +
Banco Bilbao	335	
Banco Central	364	
Banco Exterior	310	
Banco Hispano	322	
Banco Ind. Cat.	110	
Banco Santander	367	
Banco Urquijo	230	−2
Banco Vizcaya	375	
Banco Zaragoza	239	
Dragados	164	−3
Espanola Zinc	86	
Fecsa	60.2	−0.3
Gal. Preciados	47.5	
Hidrola	65.2	−0.5
Iberduero	50.5	+0.5
Petroleos	96	−1.2
Petroliber	94	
Sogefisa	14	
Telefonica	72	
Union Elect.	64	

Intervision Video dealing halted

THE Stock Exchange has withdrawn its permission for members to deal in the shares of Intervision Video, of which Mr John Bentley is chairman.

Dealings will not be allowed to resume unless and until the company seeks a quotation on the Unlisted Securities Market. Intervision's finance director Mr L. S. Phillipson, indicated yesterday this could take about a month. The company still has to appoint a sponsoring stockbroker following the withdrawal of Rowe, Rudd and it has to call an extraordinary general meeting to alter its articles of association.

Until Wednesday, dealings in Intervision shares had taken place under Rule 163 (2) (a) which enables the exchange to approve occasional transactions in unlisted shares. Typically, this rule is used for shares of small breweries and football clubs.

But until the USM was formed in November, 1980, it was also used by several small, fast growing companies, including Intervision.

The exchange served notice last July that dealings under Rule 163 in actively traded shares would not be permitted after December 7. Most applied for USM quotations but Intervision, which yesterday reiterated its intention to apply, has not yet made a move.

The Stock Exchange became impatient this week when over 300,000 shares changed hands between Monday and Wednesday.

The company, which said that one of the reasons for its delay was its desire to publish interim results before applying for a USM quotation, yesterday put out its six months statement.

Turnover in the six months to December 31 1981 was £2.8m and pre-tax profits were £437,315. No comparative figures were published because the company was in the video business for only part of the previous period. However, in the nine months to June 1981, turnover in the video area was £2.28m and pre-tax profits were £237,755.

An interim dividend of 0.5p has been declared on the preferred ordinary shares.

In the statement, Mr Bentley said demand for the company's products is increasing on both new and existing titles as sales in the UK video player market continue to expand at over 100 per cent per annum.

The shares stood at 33p when permission to deal was withdrawn.

Increase by Law Debenture

FOR the year ended December 31 1981 the Law Debenture Corporation, investment trust, increased its taxable profits from £1.54m to £1.64m after interest and other costs of £787,036, compared with £631,143.

Stated earnings per 25p share improved from 8.47p to 8.79p and a higher final dividend of 5p (4.75p) raises the net total by 0.75p to 8p. A one-for-one scrip issue is also proposed.

Tax took £632,031 (£564,335) leaving a net balance of £1.01m, against £973,408. Income for the year was higher at £2.43m (£2.17m).

TCB profits advance 22% to £3.76m

Pre-tax profits of TCB, the banking services subsidiary of P & O, showed an increase of 22 per cent for 1981 from £3.09m to £3.76m.

After tax of £26,000 (£92,000) and dividends, costing £2.5m (£0.94m), the amount transferred to reserves fell from £2.06m to £1.24m.

Mr Oliver Brooks, the chairman, says the company is entering 1982 in good shape. It has a clean loan book, a substantial volume of good new business under negotiation and a conservative level of gearing from which it will benefit further as and when the economy moves out of recession.

Expansion of the company's loan book in 1981 was slower than in the previous year, but corporate advice activities are growing and TCB has been involved in several offers on behalf of larger customers seeking to acquire control of public companies.

Derek Crouch falls to £2.47m

AFTER the most difficult year in its history, Derek Crouch reports pre-tax profits of £2.47m during 1981 against £3.04m last time. Turnover fell from £65.7m to £54.7m.

Stated earnings per share were reduced at 9.26p compared with 11.41p. A final net dividend per 20p share of 3.42p has been repeated making the same again total of 5.05p.

The company's operations include opencast mining, earth moving, civil engineering and building construction.

Mr Derek Crouch, chairman, says work last year was aggravated by high interest rates, low demand, soft markets and finally, the worst December weather recorded.

The opencast coal mining company Power Incorporated in central Pennsylvania in which Derek Crouch holds a 60 per cent share, made a trading profit of $2.68m (£1.47m at current exchange rates). With interest rates averaging 22 per cent, interest payments were $2.96m leaving an operating loss of $281,000.

However, says Mr Crouch, capital repayments of $2.64m during the year should lead to an improvement later this year.

Mr Crouch adds that the company is diversifying into private sector construction to reduce its traditional dependence in the public sector.

Pre-tax profits were struck after interest payable of £2.03m (£2.34m). After minority interest of £49,000 (£134,000) and an extraordinary items debit of £3,000 (£13,000 credit), attributable profits stood at £1.2m (£1.44m).

Tax took less at £1.32m against £1.75m last time.

● comment

Derek Crouch has left the £4.4m rights issue money intact. This illustrates the absence of opportunities, but it has enabled gearing to be brought down to a more acceptable 53 per cent. But with substantial U.S. borrowings, the U.S.-UK interest rate differential is hardly working in the company's favour. U.S. operating losses were reduced by about $½m, despite being hit by the miners' strike in the first half. The Australian joint venture, Brambles Crouch, is in a dormant state, with no contracts on the horizon. In the UK however opencast mining provided succour, and the company is not concerned by the possibility of any substitution effect resulting from the drop in oil prices. The downturn in construction has persuaded the company uncharacteristically to hunt for private sector contracts, as yet unsuccessfully. Before the figures, the shares, now widely held, slid to a 1981-82 low of 123p. With the maintenance of the dividend, the shares steadied at 122p, yielding 6 per cent, and on a p/e of about 10½.

Macallan-Glenlivet at £0.7m

IN THE 17 months to December 31 1981, Macallan-Glenlivet, the malt whisky distiller, made taxable profits of £657,000, compared with £432,000 in the 12 months to July 31 1980, on turnover of £5.46m against £4.01m.

With earnings per 25p share stated at 28.5p (18.4p), the final dividend is set at 4.7011p (4.2449p) making a total of 9.2011p (6.4949p) including a second interim of 3.25p.

The directors say that the entire whisky industry is currently undergoing a material reappraisal of its stock position and growth projections. This together with high interest rates, lower demand in some key marets and "the Chancellor's apparently perverse determination to restrict the home market," has resulted in a steep downturn in demand for new fillings which will materially affect the company's profits for 1982.

The company is therefore implementing schemes to reduce overheads and direct costs. Restraint the directors say will, however, be balanced with a commitment to lay down stocks against the upturn which they believe is inevitable and will ultimately be highly profitable.

Continuing effort will be made in marketing The Macallan brand worldwide and attention to the quality of the product will be maintained.

The directors also intend to continue the present annual rate of dividend.

Turning to the year under review, they say that various anomalies arose because of the change in the accounting period. Revenue from warehousing increased significantly, but this is exceptional and will not be repeated.

BTR (S.A.) rises sharply

A SHARP advance in profits is reported by BTR South Africa for 1981, the pre-tax figure emerging at R24.82m (£13.83m at current rates), compared with R19.87m, on sales 26.4 per cent higher at R161.5m, against R127.78m.

At the attributable level, profits were 32.8 per cent up at R15.76m (R11.86m) after tax of R8.82m (R7.85m) and minorities of R239,000 (R158,000). Depreciation took R3.96m (R2.95m) and interest R3.5m (R1.52m).

Stated earnings per share were well ahead at 107.1 cents (80.6 cents) and the total dividend is being stepped up from 50 cents to 65 cents by a final of 35 cents.

The directors say the increase was achieved in the face of a distinct cooling off in the economy and rapidly rising interest rates.

The performance was largely the result of constant improvement in management controls and increased productivity. Despite intense competition, the group maintained its lead in the fields of technical proficiency, quality assurance and a wider range of locally manufactured products.

Contributions from acquisitions were more than offset by divestment—the increase in earnings was "totally attributable to organic growth," the directors add.

The company is 62 per cent-owned by BTR.

UK COMPANY NEWS

Rentokil gain in second half

AS EXPECTED, a static first six months was followed by growth in the second half at Rentokil Group, the pre-tax figure advancing from £6.22m to £7.57m, lifting the overall figure to £14.2m for 1981, against £12.82m.

The directors of this timber preservation and pest control concern, a subsidiary of Sophus Berendsen, of Denmark, say they expect a healthy increase in profits in the current year.

Sales for 1981 expanded 19.3 per cent from £83.1m to £97.98m and the dividend is lifted to 2.85p (2.55p) net per 10p share with a final payment of 1.8p.

The directors say the UK business produced good consistent growth — profits rose 10.5 per cent to £10.49m — and despite mixed results from overseas companies, their overall figure went ahead by 11.6 per cent to £3.71m.

Partly as a result of changes in the pattern of capital expenditure and a £822,000 loss (£151,000) in America, the group's tax was 31.3 per cent higher at £7.13m (£5.43m).

After this charge and minority interests, £59,000 (£22,000), the available balance was £7m, compared with £7.36m previously. Dividends will absorb £2.72m (£2.43m).

Earnings per share are shown as 7.36p (7.75p). On a CCA basis pre-tax figure is reduced to £10.93m (£9.49m) and earnings are given as 3.92p (4.24p).

• comment

Rentokil's rapid expansion in the U.S. proved a little too fast for management to keep up. Stir in the effects of recession and high interest rates and losses in the U.S. have come out worse than anticipated. But despite this millstone overseas profits have bounced back to £3.7m—more or less a full recovery. Europe in particular displayed some impressive results. Meantime domestic operations have produced their usual solid figures. The only real problem is the insulation division. The sharp downturn in the local authority market has left Rentokil reliant on the private sector. Heavy advertising expenditure and extended credit inducements have taken their toll on margins. Looking forward the company is predicting a further advance and the U.S. losses will be nowhere near as bad. It's just like old times—1980 was the first profits setback in more than half a century. But a share price of 162p, where the yield is 2.6 per cent and the p/e on stated earnings 21.6, is still a high rating, even with an impressive record.

Optimistic outlook at Grand Met

AT YESTERDAY'S annual meeting of Grand Metropolitan Sir Maxwell Joseph, chairman, told shareholders that the company's recent success in adverse conditions underlined its strength.

"I feel that we can look forward to this year's trading with some optimism, partly because there should be a further reduction in current interest rates and partly because I am hopeful that the Government will make some effort to reflate the economy."

Grand Met reported profits of £186.6m in the year to September 1981 compared with £152.1m.

Progress at Mercantile Credit

PROFITABILITY AT Mercantile Credit Company, a member of Barclays Bank Group, was affected by a higher-than-expected borrowing rate and a substantial increasing in operating costs during 1981. Pre-tax profits however, climbed from £38.01m to £52.11m, and turnover was £1.67bn against £1.52bn.

Despite its difficulties, the company achieved a good result, mainly through its industrial finance business, says Mr Douglas Horner, the chairman. He adds: "We succeeded in obtaining a large volume of good quality business, particularly 'large ticket' leasing, in the selling and packaging of which we have built up considerable expertise."

Mr Horner says this is reflected in the balance sheet value of assets out on hire or lease which has increased from £1bn to £1.45bn during the year. Other major changes in the balance sheet were the net increase in borrowings from £1.2bn to £1.73bn, and a rise in customers' and other accounts from £819m to £917m.

Tax charged for the year was reduced by £132.54m, being the potential deferred tax not provided. This resulted in a tax credit of £111.69m (£76.1m), and after allowing for minority credits, net profits emerge at £162.67m (£112.94m).

From this, dividends totalling £146m (£18m) have been paid or proposed, leaving £16.67m (£94.94m) as a transfer to reserves.

In his year-end statement, Mr Horner says finance houses have not been immune from the economic problems of the country. Although the volume of new consumer business increased over 1980, it was a disappointing year for this division. He says the recession and mounting unemployment have caused a material increase in the number of defaulting customers, and it has been found necessary to increase the company's provision for possible losses on these accounts.

Looking ahead, Mr Horner says he thinks that the worst of the recession may be over and that a limited recovery of the UK economy could be expected.

At the year-end, shareholders' funds stood at £385.39m (£368.17m). Investments in subsidiaries amounted to £1.39bn (£950.53m), and other investments totalled £4.98m (£4.25m).

Leisure Ind. USM placing

A LONG established Devon toymaker that has capitalised recently on the fast growing market for small snooker tables is being floated on the Unlisted Securities Market later this month.

Profits of Leisure Industries Group rose from £228,000 to £482,000 in the three years to March 1981. Snooker table sales, mainly through the mail order trade, grew to 80 per cent of last year's turnover of £4.486m.

The prospectus for the USM placing will include a forecast of higher profits for the current year.

Since January 1, the group has the endorsement of world snooker champion Mr Steve Davis for its tables, which range in length from 2 ft to 7 ft.

The USM placing, which is being arranged by Samuel Montagu with brokers Panmure Gordon, is enabling Midland Bank Industrial Finance and Mettoy to sell most of their respective 20 per cent and 25 per cent holdings.

No money is being raised for the company and Mr Lolek Holzer, who founded it in 1940, will retain a majority stake.

Poor start at Henlys

IN HIS annual statement Mr Gordon Chandler, the chairman of Henlys, the motor car dealer, warns that any recovery in the group's industry is more likely to occur on 1982-83 than in the current year which he points out has made a poor start, in part because of the extreme weather conditions.

However, he says the group balance sheet, with net assets at 225p per ordinary share, remains fundamentally sound and adds that the franchises held will prove to be valuable in the restoration of group profitability.

As reported on January 29, second half pre-tax losses increased by 50 per cent to £1.25m and left the group £1.92m in the red for the year ended September 30 1981 compared with £387,000 previously. The dividend is being maintained at 6p net per share.

As it is now clear that the climb out of the recession will be more protracted than anticipated the group has undertaken to intensify the already considerable efforts which it has made to contain its operating costs and, in particular, to reduce the amount of capital invested in both premises and inventories to a level consistent with the projected scale of its activity.

The present trading situation has made a number of group premises commercially unviable and since the year end properties have been sold or contracts exchanged for an aggregate consideration of £1.5m. The book value, together with associated working assets of further properties released for sale, exceeds £6.5m. Further disposals may result.

At year-end shareholders' funds totalled £31.74m (£34.76m) and net current assets were £8.43m (£11.9m). Meeting will be at Henly House, NW, March 26 at noon.

'Fags' returns to profit and dividend list

A substantial improvement in turnover and a return to profits is reported by the Antofagasta (Chili) and Bolivia Railway Company for 1981. And this freight transporter is returning to the ordinary dividend list, after 11 years, with a 7p payment.

For the year ended December 31 last turnover jumped from £8.41m to £15.29m, and the company achieved taxable profits of £3.83m, compared with losses of £766,086 in 1980.

Dividends of £140,000 payable on the 5 per cent cumulative preference shares eliminate all arrears.

Scottish bank taps American bond market

The Bank of Scotland has become the first Scottish bank to tap the fast growing U.S. commercial paper market. An announcement yesterday said the bank had completed arrangements through Goldman Sachs, the New York investment house, to raise up to $100m through the issue of commercial paper.

The bank said this would give it access to more competitively priced funds than are available through other money market sources. To qualify for the issue of commercial paper it has received the top A1-P1 rating by the top U.S. rating agencies Moody's and Standard and Poor's.

Medminster declines

TAXABLE profits of Medminster declined from £165,811 to £138,488 for the six months to December 31 1981 while turnover was down from £5.22m to £5.1m.

A net interim dividend of 1.5p per 10p share has been repeated. Last year a final of 2.2p was paid from pre-tax profits of £354,179 (£327,036).

The company's principal activities are furniture hire and sale, shipping and forwarding.

Pre-tax profits were struck after interest of £9,755 (£15,855) and depreciation of £52,268 (£44,260).

Tax took less at £53,000 against £63,000 leaving profit after tax of £85,488 compared with £102,811 last time.

Mercantile Inv. falls at net level

Net revenue of Mercantile Investment Trust fell from £3.91m to £3.72m, after higher interest and expenses of £3.15m against £1.74m for the year to January 31, 1982.

Earnings per 25p share are stated at 2.64p (2.81p) and the final dividend is 1.88p, for a total payment of 2.6p (2.52p) net.

Gross revenue for the 12 months improved from £7.59m to £8.53m and tax for the period absorbed £1.67m (£1.93m). The net assets value per share, taking prior charges at redemption, rose from 73.5p to 83.5p.

Cockburn Cement ahead

For 1981, turnover of Cockburn Cement, the 85 per cent-held Australian subsidiary of Rugby Portland, pushed ahead from A$32.55m to A$41.74m, and pre-tax profits showed a marginal improvement from A$2.33m to A$2.4m.

The directors report that keen competition in the cement market continued and sales of quicklime reflected the depressed condition of the alumina industry.

However, the level of demand for cement improved during the final quarter of the year and substantial deliveries were made to the North West Shelf project Pilbara and to Norther Cement in Darwin.

These deliveries include a high freight component which increased turnover disproportionately.

A final dividend of 5.25 cents is declared and, as there was no interim, this is left to stand against last year's total payment of 7 cents.

The trading surplus for the 12 months rose from A$7.72m to A$8.56m. From this, interest took A$2.78m (A$2.47m) and depreciation A$3.38m (A$2.93m). No tax is payable, primarily due to investment allowances brought forward. Extraordinary credits, representing surplus on the sale of assets, amounted to A$246,000 (A$34,000).

Gencor full-year results ahead of expectations

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S second biggest mining finance house, the Gencor group, has comfortably exceeded its forecast that second-half profits would match the first half's R147.8m with a full-year figure of R319.8m (£178m).

This was ahead of the market's best expectations, as was the final dividend of 120 cents (67p), up from 100 cents last time. This lifts the year's total to 175 cents, compared with last year's 150 cents from attributable profits of R269.7m.

The increased profits came in spite of barely changed contributions from all of the group's mining interests, with the exception of the coal division, reports Chris Wilson from Johannesburg.

The gold and uranium division was able to maintain the value of its contribution, in spite of the fall in the gold price, because of the weakness of the rand against the U.S. dollar. Earnings of the division also benefitted from increased production and the first contribution from the Chemwes plant, which treats tailings from the Stilfontein and Buffelsfontein mines.

Dr Wim de Villiers, Gencor's chairman, warned that the benefits of the declining rand are unlikely to be repeated this year, so gold earnings could be substantially lower.

Platinum is also expected to contribute less, as the affects of a 15 per cent cut in production at Impala and sharply lower sales make themselves felt.

Nevertheless, Dr de Villiers is optimistic about the current year's outcome, saying that a similar level of overall earnings could be achieved in the absence of unforeseen circumstances.

For the first time last year, Gencor's industrial and commercial interests overtook the precious metals interests as the major contributor to group profits, with an increase to R129.5m from R79.5m in 1980.

Coal was the only one of the group's mining interests to make a significant improvement, but a repeat performance is not expected this year. Gencor's R1bn synthetic fuel project, based on coal reserves in the Springbok Flats area of the Transvaal, is currently being re-examined in the light of falling world oil prices.

	1981 Rm	1980 Rm
Turnover	3201.2	2173.6
Operating income	379.2	292.7
Investment income	190.4	165.8
Realisation of invests.	16.5	29.8
Making	586.1	488.3
Interest paid	81.1	49.4
Exploration costs	21.6	[illegible]
Invest. provision	7.3	16.6
Profit before tax	476.[illegible]	406.4
Taxation	67.4	71.7
Net Profit	408.7	334.7
Minorities & pref. divs.	88.9	65.0
Attributable	319.8	269.7

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Courtney Pope, Westminster and Country Properties.

Finals—Alliance Trust, Ault and Wiborg, Romai Tea, Ruo Estates, Williamson Tea.

FUTURE DATES

Interims:—

HTV	Mar 11
Highland Distilleries	Apr 5
Minerals and Resources	Mar 31
Second City Properties	Mar 22
Staffordshire Potteries	Mar 11

Finals:—

Barton Group	Apr 13
British Aluminium	Mar 10
Carlton Industries	Mar 15
Charterhouse Petroleum	Mar 16
Farmer (S. W.)	Mar 9
Higgs and Hill	Apr 6
Hurst (Charles)	Mar 26
London and Scottish Marine Oil	Mar 23
Robinson (Thomas)	Mar 11
Sale Tilney	Mar 18
Steetley	Mar 18

Agreement on Olympic Dam

THE HUGE Olympic Dam copper-gold-uranium prospect near Roxby Downs in South Australia could produce as much as 150,000 tonnes of copper and by-products a year if it goes ahead, Western Mining said yesterday. The project is a joint venture between Western Mining (WMC) with 51 per cent and BP Australia with the remaining 49 per cent.

The two companies this week reached agreement with the South Australian Government on the proposed development of a mine at Olympic Dam, which could one day become the biggest mining operation in the world.

The main features of the agreement require the companies to pursue the propect and spend not less than A$50m (£29m) by the end of 1984, and also to continue an active exploration programme on the nearby Stuart Shelf prospect. The Stuart Shelf surrounds Olympic Dam, and first indications suggest that it may be an extension of the orebody, with similar mineralisation.

WMC said yesterday that the agreement with the Government provides for a royalty of 2.5 per cent of the ex-mine value of production over the first five years of operation, rising thereafter to 3.5 per cent.

There will also be a surplus-related royalty levied on mine profits when the rate of return on funds employed exceeds 1.2 times the rate on 10-year Australian Commonwealth bonds after the deduction of tax and the initial royalty payments.

The rate of this surplus-related royalty rises to a maximum of 15 per cent when the rate of return to the mine operators exceeds 2.4 times that available on the bonds.

WMC and BP are further required to provide the Roxby Downs area with power, water and general township development, and the state government will meet educational, social and welfare requirements to the tune of some A$50m. If Olympic Dam is not committed to production by 1991, the whole agreement will have to be renegotiated.

Industrial side lifts Anglovaal at halftime

THE NEWLY-RENAMED South Africa mining and industrial group Anglovaal seems well on the way to the promised higher profits for the year to June 30, after a 22 per cent rise at the halfway stage.

Attributable profits came out at £26.9m (£15m), up from R22.2m last time, and the interim dividend is lifted to 90 cents (50p) from 75 cents. Last year's interim was followed by a final payment of 225 cents for a total of 300 cents, from attributable profits of R47.6m.

Mr Basil Hersov, chairman, said all main industrial companies in the group contributed to the overall improvement. There were first-time contributions from Bakers South Africa, Grinaker Holdings, Gelvenor Textiles and RISA Investments.

Mr Hersov expects the downturn in the South African economy to have more impact in the current half but he added that the full effect of this will be delayed initially by the spread of the group's interests.

Thus the profits of the industrial companies are expected to be about the same as in the first six months, unless conditions deteriorate more rapidly than anticipated.

The mining investments, which depend to a large extent on the price of gold, are expected to record lower profits during the remainder of the year.

The market value of Anglovaal's listed investments at the halfway mark was R403m, comfortably higher than the R368m at the same point of last year.

Robe River midterm fall

THE SERIOUS financial position of Australia's iron ore producers was demonstrated again yesterday when Robe River announced a 62 per cent fall in net profits for the six months to end-December 1981.

Net profits came out at A$876,000 (£515,000), down from A$2.3m. Robe River said inadequate prices, industrial unrest and spiralling energy costs were to blame.

The result mirrors a similarly dismal performance reported recently by the CRA-controlled Hamersley Holdings, one of Robe River's competitors.

Turnover rose by 3 per cent during the six months, in spite of a big cut in ore shipments to major customers, including Japan. The tonnage shipped was almost 15 per cent lower.

RESULTS AND ACCOUNTS IN BRIEF

HYDRO HOTEL EASTBOURNE—Pre-tax profit for the year to October 31 1981 £84,008 (£55,120). Tax charge £21,542 (£278 credit). Final dividend 6.5 per cent, making 8 per cent net (7.5 per cent).

PLASTIC CONSTRUCTIONS (designs and instals anti-pollution and corrosion resistant equipment)—Results for the year to September 30 1981 already known. Fixed assets £1.07m (£1.02m). Net current assets £2.45m (£2.41m). Shareholders' funds £3.07m (£2.96m). Decrease in working capital £26,474 (£122,985 increase). Meeting, Birmingham, March 12 at noon.

MOORSIDE TRUST—Results for 1981 already reported. Listed UK investments £7.53m (£9.86m). Investments listed abroad £7.68m (£9.78), unlisted £1.81m (£0.98m). Increase in working capital £644,602 (£48,976). Meeting, 44, Bloomsbury Square, WC, March 24 at 10.30 am.

LONDON TRADED OPTIONS

Mar. 4 Total Contracts [illegible]

Option	Exercise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer
BP (c)	240	44	10	—	—	[illegible]
BP (c)	260	24	25	[illegible]	—	[illegible]
BP (c)	280	13	26	22	—	[illegible]
BP (c)	300	5	25	12	2	20
BP (c)	330	1¼	37	[illegible]	—	[illegible]
BP (p)	260	5	10	—	—	[illegible]
BP (p)	280	17	20	24	10	25
BP (p)	300	34	—	36	—	38
BP (p)	330	64	1	64	—	65
CU (c)	120	30	2	30	—	[illegible]
CU (c)	140	11	7	15	—	17
Cons. Gld (c)	390	15	35	27	—	33
Cons. Gld (c)	420	8	3	17	4	17
Cons. Gld (c)	460	6	—	12	—	10
Cons. Gld (c)	500	4	3	6	4	[illegible]
Cons. Gld (p)	390	25	125	30	1	35
Cons. Gld (p)	420	52	35	52	10	54
Cons. Gld (p)	460	90	37	90	21	90
Cons. Gld (p)	500	130	1	130	2	130
Ctlds. (c)	70	18	—	20	1	25
Ctlds. (c)	80	8	165	12	65	15
Ctlds. (c)	90	3	—	5½	30	7½
GEC (c)	800	45	5	69	—	87
GEC (c)	850	18	[illegible]	44	2	62
GEC (p)	750	7	[illegible]	13	—	—
GEC (p)	800	17	[illegible]	25	2	30
Gr'd Met. (c)	160	40	[illegible]	45	5	—
Gr'd Met. (c)	180	22	[illegible]	31	11	37
Gr'd Met. (c)	200	10	[illegible]	15	24	22
Gr'd Met. (p)	180	6	[illegible]	9	—	10
Gr'd Met. (p)	200	11	[illegible]	16	10	20
Gr'd Met. (p)	220	25	[illegible]	—	—	—
ICI (c)	300	38	[illegible]	44	—	56
ICI (c)	330	19	[illegible]	26	2	38
ICI (c)	360	7	[illegible]	13	—	22
ICI (p)	300	4	[illegible]	8	1	10
ICI (p)	330	12	10	15	11	20
Land Sec. (c)	280	35	—	45	35	55
Land Sec. (c)	300	21	60	29	—	38
Land Sec. (c)	330	[illegible]	[illegible]	14	10	22
Mks & Sp. (c)	140	8	[illegible]	11½	41	14
Shell (c)	300	48	10	50	—	—
Shell (c)	330	18	1	20	8	40
Shell (c)	360	4	3	4	—	20
Shell (p)	330	12	7	16	2	20
Shell (p)	360	34	2	38	—	40
Shell (p)	390	64	—	66	—	66
Shell (p)	420	94	10	96	—	—

Option	Exercise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer
Barclays (c)	460	37	3	57	—	77
Barclays (p)	500	15	3	30	—	47

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

BIDS AND DEALS

Prime site included in Rosehaugh's £8,500 deal

BY MICHAEL CASSELL

Rosehaugh, the property and investment group headed by Mr Godfrey Bradman, has paved the way for a major redevelopment scheme close to the centre of Croydon in Surrey.

The company, which yesterday announced pre-tax profits down by £652,000 to £1.18m during the six months to December 31 1981, has paid £8,500 to acquire an 85 per cent stake in Cardwool, a newly-formed company which has just purchased 2.5 acres of land and properties in Croydon. NFC Properties hold the remaining 15 per cent of Cardwool shares.

The properties bought by Cardwool form a substantial part of the site for a prospective major comprehensive development located on the eastern side of central Croydon, about 500 yards from Croydon shopping centre.

A material portion of the remaining land within the site is owned by British Railways Board who have granted to Rosehaugh an exclusive arrangement for the exploration of the potential for comprehensive redevelopment.

Any scheme would include improvements to East Croydon railway station. The site involved includes land for which outline planning permission was granted in 1961. Detailed approval was granted in 1964 for a new station, shops and offices with a gross floor area of over 700,000 sq ft.

Rosehaugh has made a loan of approximately £1.2m to Cardwool secured upon the properties which have been acquired but has not undertaken any further liability or commitment to or on behalf of Cardwool.

The deal follows shortly on Rosehaugh's failure to take over London Shop Property, a move designed to increase the group's small asset base and which left it with a 21.4 per cent stake in the property company. Mr Bradman said yesterday that Rosehaugh was, with Greycoat Estates, well advanced with its plans to start phase one of the Finsbury Avenue, City office development.

Rosehaugh turnover was lower at £10.19m compared with £10.67m. There was no tax (£202,000 credit), leaving attributable profits at £1.18m (£1.71m, which included minority debits of £328,000).

Mr Bradman says it is not the nature of the group's activities to generate substantial realised profits with regularity every half year, and shareholders should therefore not view the results of any particular period as a yardstick of the group's progress.

Stated earnings per £1 share fell from 30.32p to 17.08p.

Bestobell in $7.5m acquisition

Bestobell, the controls, aviation and energy engineering group, has announced a further expansion of its U.S. activities with a $7.5m cash acquisition of Armtec Industries, a U.S. electronics group.

The company, based in Manchester, New Hampshire, manufactures quality electronic components for the aerospace, electronics and other industrial markets.

For the year ended last December, the group reported operating profits of about $1.8m on sales of more than $15m. Net asset value of the company is over $6.5m.

Mr Sandy Marshall, chairman of Bestobell, said yesterday that the sales of the new company would help to nearly double Bestobell's N. American sales to about $45m this year and should increase the area's profit contributions significantly.

Armtec is the result of a management buy-out two years ago of the Edison Electronics division from McGraw Electronics. Edison was founded by Mr Thomas A. Edison, the U.S. inventor, and had the right to produce and sell certain products under the Edison name.

Armtec retains this right for certain flame and fire detection products.

Armtec employs 350 people and will retain its present management. Bestobell's two other U.S. subsidiaries are based in California and Texas.

Bestobell, which raised £6.6m by way of a rights issue last May, is by "no means finished" with its U.S. expansion, according to Mr Marshall.

In addition to the remainder of the rights money, the company has made a few disposals since the spring and he says the company remains interested in further suitable acquisitions.

ACC sets up committee to study all bids

LORD MATTHEWS of Trafalgar House and a director of Associated Communications Corporation, is chairing a special subcommittee of the Board of ACC to consider "all bids" and report back to the Board.

The committee, set up yesterday by ACC directors, consists of Sir Leo Pliatzky, Mr Ellis Birk and Mr Tony Lucas. With the exception of Mr Lucas the other directors who sit on the committee are non-executive directors.

Mr Gerald Ronson, chairman of Heron Corporation which is making a £49.4m bid for ACC, met with the Board of ACC for 90 minutes yesterday to discuss his plans for the group. The subject of a recommendation of his offer by the Board of ACC to its shareholders was not discussed.

The meeting, attended by Lord Grade and other directors, studied proposals by Mr Ronson including the offer that Lord Grade should become life president of ACC if it was taken over by Mr Ronson's group.

The board of ACC decided to see Mr Ronson on Wednesday afternoon.

Mr Robert Holmes à Court, the Australian entrepreneur, whose business interests are attempting to take over ACC, was yesterday still in Australia on business.

No further meetings are planned between ACC and Heron before the offer document appears early next week from Heron.

BURMAH BID FOR CRODA LAPSES

The offer by Burmah Oil Company for Croda International has lapsed. Acceptances received totalled 19,401,348 ordinary shares (18.38 per cent of the ordinary capital and 16.71 per cent of the total voting capital). The deferred offer was accepted by 208,883 shares (1.98 per cent of the deferred capital and 0.18 per cent of the total voting capital). The offer closed yesterday.

Moben signs £1.9m deal for Cold Shield

THE kitchen and bedroom furniture group, Moben, has now signed a conditional contract to buy Cold Shield from Doulton Glass for £1.9m.

The assets which Moben, headed by Mr Len Morris and Mr Jim Bentham, has agreed to acquire have a book value of £3.6m and comprise the whole of the specialised home improvement activities of Doulton Glass other than those carried on in Northern Ireland, Eire and France.

Doulton is a subsidiary of the S. Pearson publishing, banking, oil and entertainments group, and has stated that it is parting with the home improvement activities in order to "concentrate on its original glass processing and distribution activities."

Cold Shield was founded 14 year ago by Messrs Morris and Bentham who sold the business to Doulton in 1971. Remaining with Cold Shield for a further seven years, Mr Morris and Mr Bentham founded Wallguard in 1975 which specialises in the treatment of rising damp.

Wallguard and another operation, Mulberry Home Extensions, are included in the home improvement package now being sold by Doulton.

Cold Shield lost £2.5m last year before tax and after "significant redundancy and closure costs." But the Moben board points out that "the businesses have produced substantial profits, historically and these reached a peak in 1978 at over £3m."

Mulbery sustained significant start-up losses in 1980 but produced trading profits of some £250,000 last year. Its growth prospects are considered to be "particularly attractive."

Moben believes that Cold Shield and Wallguard can both be returned to a profitable position within a year and that both businesses are "capable of generating a satisfactory return."

The buyer, however, considers it "prudent to allow for continuing losses and re-organisation costs that are estimated to be incurred in the short term." It pointed out that it is buying the businesses at a £1.7m discount on Cold Shield's asset value.

The consideration is to be satisfied by a placing of 9.5m Moben shares at 20p per share. The acquisition is subject to the approval of Moben shareholders.

Staveley acquisition will dovetail Sonic and Nortec

Staveley Industries, the salt, machine tools and weighing machines group, is stepping up its involvement in the U.S. non-destructive testing (NDT) systems market with the acquisition of Sonic Instruments of Trenton, New Jersey.

The founder, sole owner and president of Sonic, Mr John Orliano, has agreed to stay with the company in his present position for the foreseeable future. The consideration has not been disclosed.

Employing about 100 people and exporting some 40 per cent of its production, with particular emphasis on the UK, Mexico and Japan, Sonic has been acquired to dovetail with Nortec, another NDT specialist, which Staveley took over three years ago. The combined turnover of Sonic and Nortec would be about $14m

Sonic was founded 13 years ago and is said to have "quickly established an enviable international reputation for high quality and performance in the field of ultrasonic testing instruments and test systems.

Nortec is in very much the same field with a greater emphasis on eddy current techniques.

MANCHESTER AND METROPOLITAN INV. SHARES SUSPENDED

The Stock Exchange listing of Manchester and Metropolitan Investment Trust has been temporarily suspended at the company's request pending reorganisation particulars. Mr B. Sheppard, chairman, refused to comment on the suspension, saying a circular would be sent to shareholders "in due course." The shares were suspended at 88p.

KLEINWORT BENSON/ TSL THERMAL

Kleinwort Benson has sold a further 30,000 shares in TSL Thermal Syndicate and, after substantial disposals announced earlier this week, the declared holding of 20.67 per cent a year ago has been reduced to 9.65 per cent. Dr G. Hetherinton, TSL's managing director, said yesterday that he did not know where the shares had gone but he expected to discover "within a week that the stake was in several, friendly hands."

LONDON TRUST

London Trust has sold its 12.6 per cent holding in Hoskins and Horton, the building supplies and hospital equipment group, to Claxton and Garland.

The move boosts Claxton's holding in Hoskins to just over 21 per cent.

Claxton is an investment company headed by Mr Robin Garland. Mr Garland has met with the Hoskins board and it is understood that he may become a director of the company.

London Trust sold its 335,000 shares at 112p.

HANSON TRUST

Hanson Trust reports the following transactions in the securities of the company effected by Sir James Hanson: 209,336 shares beneficially owned by him were sold at 150p per share on February 25 1982; £24,500 9½ per cent convertible unsecured loan stock 2001-06 was sold at £120 per cent on February 26 1982; also on that day, instructions were given for the transfer from Sir James of 66,000 ordinary shares to other members of his family and have, in consequence, ceased to be part of his beneficial holdings for disclosure purposes.

GLASGOW PAVILION

Mr James Glasgow and associate companies hold 320,960 Glasgow Pavilion ordinary shares, representing 26.7226 per cent. Mr Stephen Komlosy, managing director, holds 195,000 (16.2359 per cent).

SHARE STAKES

Bertam Holdings — Johore State Economic Development Corporation has purchased 110,000 ordinary shares increasing its holding to 4,206,500 shares (21.0325 per cent).

Gill and Duffus Group — Prudential Corporation has disposed of 42,795 shares leaving holding 3,249,077 shares (4.937 per cent).

Tomkinsons Carpets—Prudential Assurance Company has acquired 30,537 shares making holding 155,000 shares (5.44 per cent). Lloyd's Life Assurance has disposed of 35,000 shares leaving holding 115,000 shares (4.03 per cent).

D. F. Bevan (Holdings)—Mr Martin Frank Bevan, director, acquired 9,456 ordinary (0.12 per cent), now holds 450,000 (5.728 per cent).

London and Gartmore Investment Trust—The UK Provident owns 624,000 ordinary (14.68 per cent).

Newbold and Burton (Holdings)—Mrs H. Burton, wife of a director, sold 5,000 ordinary on February 25.

Braby Leslie—Anglo Nordic Holdings subsidiary CHI Securities acquired on February 25 50,000 ordinary shares bringing aggregate holding of CHI Securities to 970,000 (approximately 9.6 per cent).

BANK RETURN

BANKING DEPARTMENT

	Wednesday March 3 1982	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,334,957	+ 1,646,420
Bankers Deposits	468,041,602	+ 9,750,591
Reserve & other Accounts	1,547,863,190	—1,486,389,039
	2,080,802,749	—1,474,992,228
Assets		
Government Securities	440,375,069	— 828,865,000
Advances & other Accounts	1,128,295,538	— 609,011,154
Premises Equipment & other Secs.	495,141,218	— 41,959,264
Notes	16,807,826	+ 4,862,679
Coin	182,098	— 19,489
	2,080,802,749	—1,474,992,228

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	10,550,000,000	— 25,000,000
In Circulation	10,533,192,174	— 29,862,679
In Banking Department	16,807,226	+ 4,862,679
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,357,615,427	— 953,626,09
Other Securities	7,503,610,838	+ 307,241,365
	10,550,000,000	— 25,000,000

● LOANS TO UK COMPANIES FROM FOREIGN SUBSIDIARIES

Why the Revenue has got it wrong

BY TONY HUGHES

THE Inland Revenue is now considering proposals which deal with three matters: a new definition of company residence; the introduction of a UK tax charge on UK companies which, broadly, own overseas subsidiaries operating in low-tax countries; and a tax charge on upstream loans.

It is the upstream loan proposal that I want to discuss—primarily because it is proposed that it should come into force on April 6 this year (the other two proposals are planned to take effect in April 1983).

In my view the upstream loan proposal is a piece of nonsense that should be buried before Budget day without wasting valuable Parliamentary time discussing its manifest defects.

My reasons for this uncompromising stance are twofold—firstly I disagree with the proposal in principle and secondly I consider the draft legislation is technically a disaster.

An upstream loan is simply a loan from an overseas subsidiary to its UK parent company. Broadly, the proposal is that the loan should be treated as a deemed dividend and therefore taxable as income in the hands of the UK company. If subsequently an actual dividend is paid by the overseas company, it will be received tax free in the UK.

The Inland Revenue argue that an upstream loan is in reality only a means by which profits made overseas can be used in the UK without a liability to UK tax, which would otherwise have been incurred had dividends been paid instead of the loan.

Furthermore, to add insult to injury in the Revenue's eyes, interest may be paid by the UK company on the loan, thereby reducing the UK company's taxable profits and its liability to corporation tax. This analysis is certainly correct so far as it goes, but is also very simplistic for the following reasons:

The UK gives a credit for foreign tax paid. Very broadly therefore, the Exchequer only collects a substantial amount of tax where the foreign tax paid by the overseas subsidiary is substantially less than the UK rate of 52 per cent.

The precise purpose of the proposed "tax havens" charge is to tax in the UK the profits of an overseas subsidiary which pays a low rate of foreign tax. On general grounds, therefore, it is not clear why the Inland Revenue needs additional powers to tax upstream loans which will necessarily be made out of profits which have either suffered a high rate of foreign tax, or will have effectively suffered UK tax under the new tax havens charge.

The inference behind the upstream loan proposals is that dividends ought to be remitted by an overseas subsidiary, rather than a loan. However, there may be very good commercial reasons why an overseas company may not wish to remit dividends. For example, there may be high local withholding tax on dividends, or, while the subsidiary may not require the funds immediately, it may need them for future investment (some relief for short-term loans is given in the new proposals, but it is very limited); or there may be local exchange control restrictions on dividend remittances which do not apply to loans.

One inevitable consequence of the upstream loan proposal is that it will encourage UK parent companies to keep their overseas earnings offshore. If this is a policy objective, it should be made explicit. In any event it is far from certain that it is advantageous to the UK economy for funds to be accumulated offshore.

Why is it self-evident, as it seems to be to the Revenue, that profits generated abroad should necessarily suffer UK tax if they are used as a source of finance in the UK?

My second submission is that if the proposals, as drafted, were to ever reach the statute book, they would almost certainly win first prize for the most inept piece of legislation in the history of the taxing statutes—and this is a prize for which the competition is formidable. It is not possible in this article to analyse in detail all the draft clauses. (Suffice to say that my firm's submissions to the Revenue amounted to over 20 pages of detailed comment.) I shall simply point out some of the inequities of the draft proposals and some of the more bizarre consequences that will arise if the draft legislation were to be enacted in its present form.

Any loan caught by these proposals must be treated as a dividend. Whatever the reason for making the loan, there is no discretion given to the Revenue and no relief for loans which have been made for bona fide business purposes.

There is no repayment of tax to a UK company when the loan is repaid. The fact that the loan is deemed to be a dividend for UK tax purposes does not alter the legal liability to repay the loan.

The Revenue proposal refers to upstream loans and I have confined my comments so far to the situation where a UK parent receives a loan from its overseas subsidiary. But the draft legislation taxes loans made in a much wider variety of circumstances than this.

For example it also catches sidestream loans and some downstream loans. Suppose that a French subsidiary makes a loan to a UK subsidiary, both companies being owned by a common U.S. parent. The loan will be treated as a dividend received by the UK subsidiary—notwithstanding that the UK company cannot in fact receive dividends (since it does not own any shares). In effect the UK Exchequer has collected tax on profits earned in France by a U.S. corporation.

A UK company which is owed money by an independent foreign company may decide to acquire the foreign company rather than, say, write-off the amount owing as a bad debt or force the foreign company into liquidation.

On acquisition the amount of the indebtedness may be regarded as a deemed dividend paid to the UK company and this will apply to indebtedness which arises prior to April 6 1982.

Companies caught by these provisions will suffer a permanent loss of the UK credit withholding taxes when an actual dividend is paid.

The anti-avoidance provisions designed to counter what are known as back-to-back loans are drawn very widely. For example suppose the Dutch subsidiary of a U.S. multinational makes a deposit with, say, the Amsterdam branch of Barclays Bank. If a UK member of the multinational now borrows from Barclays in London it is strongly arguable that this borrowing should be treated as a deemed dividend.

The last word should perhaps be left to the Revenue, who in their preamble to the draft legislation on upstream loans state "the legislation would not impose a penalty on such loans, but would simply remove the tax advantage of remittances in the form of loans rather than dividend."

I hope I have demonstrated that the proposals in their present form could indeed be highly punitive and have damaging consequences for British business.

Tony Hughes is an international tax manager in the London office of Deloitte, Haskins and Sell.

APPOINTMENTS

Grindlays Bank makes changes

Mr R. W. Parsons, a managing director, has assumed responsibility for the GRINDLAYS BANK GROUP'S operations in the Middle East and Africa from Mr A. C. F. Thomson who retires from executive duties but remains a director of the Bank and of Grindlays Holdings. Mr A. B. Greayer, previously regional director, Pacific Basin, has been appointed a divisional director in charge of the Group's new international merchant banking division.

★

Mr Alan Hindley, managing director of Fairey Filtration, has been appointed chairman of FAIREY MICROFILTREX. The company, previously known as Microfiltrex, has been acquired by Fairey Holdings and founder directors Mr Nick Mavrikakis and Mr Brian Stanley have been appointed joint managing directors. Financial director is Mr John Edwards.

★

AVIS, Europe, Africa and Middle East division, Bracknell, has appointed as marketing director Mr Richard Painchaud who comes from International Standard Brands where he was director of market development responsible for Europe. Mr Paul Sinne has joined Avis—as director of sales. He was previously European director of sales for International Playtex Inc. based in Spain. Promoted travel industry sales and marketing manager is Mr Albert Nahum.

★

Mr Colin Chater has been appointed property controller of the TOZER KEMSLEY AND MILLBOURN group. Mr W. D. Ball, TKM's property manager, has been made an associate of Colin Chater and Associates.

★

WHITECROFT has appointed two non-executive directors: Mr C. Wilfrid Newton, chief executive and group managing director of Turner and Newall; and Mr Leslie Stevens, executive chairman of Fothergill and Harvey.

★

Mr Tim Burns has been elected to the board of MARKET AND OPINION RESEARCH INTERNATIONAL (MORI).

★

Mr Peter Lovell has been appointed managing director of HADFIELDS INDUSTRIAL COATINGS, a division of SPL (Holdings). He was formerly general manager of the industrial paints division of International Paint.

★

TRUST SECURITIES HOLDINGS has appointed Mr Robert M. Gore to the board. He is company secretary.

★

BERNI INNS has appointed Mr John Houston as regional director to control 53 steak houses in the east of England.

★

Mr Ron Pritchard has been appointed sales director of BARROW ENGINEERING CO.

★

Oldham truck builder, SEDDON ATKINSON, has appointed Mr Peter N. Whitaker as its head of marketing. He was previously sales manager of the company, which is a member of the International Harvester truck group.

★

Mr David Cocks has been appointed managing director of SUFFOLK GROUP RADIO, the company formed to operate the new station based in Bury St Edmunds—Saxon Radio, and Radio Orwell in Ipswich.

★

Alfred Booth and Co. has appointed Mr John E. Fitz-Gerald to the board of one of its subsidiaries, UNIT CONSTRUCTION COMPANY.

★

Mr A. E. Keeler, director, financial control, has been appointed deputy chief executive of LOMBARD NORTH CENTRAL. He will retain responsibility for financial control. Mr A. E. Mitchener, divisional manager, corporate finance, has been appointed to the board of Lombard North Central. He is vice-chairman of the Equipment Leasing Association.

★

Mr E. M. P. Welman has been appointed to the board of the UK and Republic of Ireland branch of NATIONAL MUTUAL LIFE ASSOCIATION OF AUSTRALASIA. He was senior investment director of Baring Bros. and Co.

★

J. AND J. MAYBANK has reshaped its board which now consists of Mr Gordon Ranger, group managing director, Mr Peter Anderson, managing director, J. and J. Maybank (Oldham), Mr W. R. E. (Bob) Short, managing director, J. and J. Maybank (Midlands), Mr Michael Stevenson, managing director, J. and J. Maybank (Southern), Mr David Symmers, group export director, Mr Joe Judge, group financial director and Mr Peter Mitchell, group personnel director. The chairman is Mr Cyril Warmington, who is also a deputy chairman of Reed Group.

★

Mr P. G. Maclean has been appointed to the board of the BRITISH INTERNAL COMBUSTION ENGINE RESEARCH INSTITUTE.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

S.G. Europe Obligations S.A.
4 Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ... | US$44.29 | +0.13 | 1.65

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L. J. Sterling Fund ... | £14.54 | 14.55 | ... | —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741

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P.O. Box 73, St. Helier, Jersey 0534 73933
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Deutschmark Bd. | DM8.98 | 9.53 | ... | 5.77
Dlr. Fxd. Int. | US$7.45 | 7.93 | +0.08 | 10.09
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CURRENCIES, MONEY and GOLD

Dollar weak

The dollar lost ground in generally featureless trading yesterday. Euro-dollar rates were easier with recent economic indicators also helping to paint a rather gloomy picture.

Sterling maintained its recent firm trend ahead of next week's Budget while domestic interest rates continued to fall.

The Dutch guilder and the Danish krone were equal strongest within the European Monetary System yesterday followed by the Irish punt. The Belgian franc continued to lose ground but was still placed above the weakest member the D-mark.

DOLLAR — Trade weighted index (Bank of England) 113.0 against 113.1 on Wednesday and 110.3 six months ago. Three-month Treasury bills 12.17 per cent (15.62 per cent six months ago). Annual inflation 8.4 per cent (8.9 per cent previous month)—The dollar closed at DM 2.3635 against the D-mark, down from DM 2.3715 and SwFr 1.8700 compared with SwFr 1.8755. It was firmer against the Japanese yen however at Y236.70 from Y236.25.

STERLING — Trade weighted index 91.0 against 91.0 at noon, 90.8 in the morning and 90.8 on Wednesday night (90.5 six months ago). Three-month interbank 13¹¹⁄₁₆ per cent (13¹⁵⁄₁₆ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at 1.8250 against the dollar and eased initially to \$1.8210 before coming back to \$1.8250 at noon. It touched a best level of \$1.8285 during the afternoon and closed at \$1.8275-1.8285, a rise of 50 points. Against the D-mark sterling finished at DM 4.3225 compared with DM 4.3250 and SwFr 3.42 from SwFr 3.4250. However it was firmer against the French franc at FFr 11.0575 compared with FFr 11.0450.

D-MARK — EMS member (weakest). Trade weighted index 122.2 against 122.0 on Wednesday and 117.1 six months ago. Three-month interbank 10.175 per cent (12.85 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—There was little reaction in Frankfurt yesterday to the Bundesbank's decision to leave lending rates unchanged. Just before the meeting of the central council ended the dollar was fixed at DM 2.3690 against DM 2.3684 on Wednesday and the Bundesbank sold \$11.3m at the fixing. Sterling continued to improve and rose to DM 4.3240 from DM 4.3120 while the Swiss franc reacted to lower domestic rates and was fixed at DM 1.2598 down from DM 1.2624. The French franc was also slightly weaker at DM 39.1050 per FFr 100 compared with DM 39.1850. The dollar was slightly firmer ahead of any possible cut in the German discount rate but fell away when rates were left unchanged. It closed at DM 2.3675.

FRENCH FRANC—EMS member (third weakest). Trade weighted index unchanged from 79.8 on Wednesday, and 82.2 six months ago. Three-month interbank 14⁷⁄₁₆ per cent (17¼ per cent six months ago). Annual inflation 13.9 per cent (14 per cent previous month)—The French franc was mostly weaker at yesterday's fixing in Paris. The dollar rose to FFr 6.0565 from FFr 6.0535 and sterling to FFr 11.0640 from FFr 11.0275. The D-mark was also firmer and this may have had some influence on the authorities' keeping domestic interest rates steadier recently, having fallen earlier this year. The D-mark was fixed higher at FFr 2.5575 compared with FFr 2.5552 on Wednesday. Elsewhere the Belgian franc slipped to FFr 13.8560 per BFr 100 from FFr 13.8610 while the Dutch guilder rose to FFr 2.3332 from FFr 2.3277.

THE POUND SPOT AND FORWARD

March 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8210-1.8285	1.8275-1.8285	0.05-0.15c dis	−0.66	0.40-0.50dis	−0.98
Canada	2.2240-2.2300	2.2280-2.2290	0.30-0.40c dis	−1.88	1.20-1.30dis	−2.24
Nethlnd.	4.73-4.76	4.74-4.75	2¼-1½c pm	4.74	5¼-4¾ pm	4.21
Belgium	79.60-79.95	79.80-79.90	8c pm-2 dis	0.45	5 pm-10 dis	−0.12
Denmark	14.48-14.55	14.51-14.52	1⅞-2⅞ore dis	−1.96	6¼-7¾ dis	−1.38
Ireland	1.2210-1.2260	1.2240-1.2250	0.53-0.66c dis	−5.83	1.69-1.91dis	−5.88
W. Ger.	4.31-4.34	4.31¼-4.32¼	1½-1¼pf pm	4.16	4¼-3¾ pm	3.82
Portugal	127.25-128.50	127.35-127.65	50-185c dis	−11.06	130-375 dis	−7.92
Spain	188.00-188.80	188.55-188.75	5-25c dis	−0.95	75-100 dis	−1.86
Italy	2,324-2,333	2,330½-2,332½	10½-13½ lire dis	−6.18	37-40 dis	−6.60
Norway	10.89-10.93	10.91-10.92	1ore pm-par	0.55	1-2 dis	−0.55
France	11.02½-11.06½	11.05½-11.06½	¼-1½c dis	−0.81	5¼-6¼ dis	−2.03
Sweden	10.52-10.57	10.54½-10.55½	1¼-¾ore pm	1.07	2¾-1½ pm	0.71
Japan	428-434	432-433	2.90-2.60y pm	7.63	7.70-7.40 pm	6.98
Austria	30.25-30.40	30.35-30.40	17-12gro pm	5.73	36-29 pm	4.28
Switz.	3.41-3.44	3.41½-3.42½	2¾-2¼c pm	8.33	6-5½ pm	6.72

Belgian rate is for convertible francs. Financial franc 86.15-86.25. Six-month forward dollar 1.00-1.10c dis, 12-month 1.95-2.10c dis.

THE DOLLAR SPOT AND FORWARD

March 4	Day's spread	close	One month	% p.a.	Three months	% p.a.
UK†	1.8210-1.8285	1.8275-1.8285	0.05-0.15c dis	−0.66	0.40-0.50dis	−0.98
Ireland†	1.4895-1.4960	1.4915-1.4945	0.69-0.59c pm	5.15	1.88-1.68 pm	4.77
Canada	1.2200-1.2225	1.2200-1.2205	0.12-0.15c dis	−1.33	0.41-0.45dis	−1.41
Nethlnd.	2.5915-2.6000	2.5915-2.5935	1.23-1.13c pm	5.45	3.48-3.38 pm	5.29
Belgium	43.67-43.74	43.69-43.71	4-1c pm	0.69	11-6 pm	0.78
Denmark	7.9400-7.9725	7.9525-7.9575	0.65-0.90ore dis	−1.17	1.60-2.00dis	−0.88
W. Ger.	2.3630-2.3720	2.3630-2.3640	0.97-0.92pf pm	4.80	2.85-2.80 pm	4.78
Portugal	69.15-70.45	69.15-69.35	25-95c dis	−10.31	55-185 dis	−6.87
Spain	103.10-103.35	103.15-103.25	par-10c dis	−0.58	18-28 dis	−0.89
Italy	1,274-1,276	1,274-1,275	5½-6¼ lire dis	−6.52	17¼-18¼ dis	−5.58
Norway	5.9700-5.9900	5.9750-5.9800	0.85-0.55ore pm	1.41	0.95-0.65 pm	0.53
France	6.0425-6.0600	6.0485-6.0515	0.10c pm-0.05 dis	0.05	1.30-1.55dis	−0.94
Sweden	5.7700-5.7850	5.7750-5.7800	0.95-0.75ore pm	1.77	2.70-2.50 pm	1.80
Japan	235.75-237.25	236.65-236.75	1.70-1.55y pm	9.24	4.85-4.70 pm	8.07
Austria	16.58-16.63	16.59¾-16.60¾	9¾-8gro pm	6.23	24-21 gro	5.42
Switz.	1.8690-1.8840	1.8695-1.8705	1.38-1.30c pm	9.60	3.60-3.52 pm	7.61

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.0	−32.6
U.S. dollar	115.0	+5.8
Canadian dollar	87.0	−18.0
Austrian schilling	116.2	+24.5
Belgian franc	96.3	−0.7
Danish kroner	83.9	−15.3
Deutsche mark	122.2	+45.1
Swiss franc	154.5	+107.5
Guilder	114.8	+21.5
French franc	79.8	−14.4
Lira	54.9	−57.8
Yen	168.1	+32.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.620590	0.560754
U.S. $	12	1.12997	1.02029
Canadian $	14.83	1.38576	1.24904
Austria Sch.	6¾	18.7564	16.9470
Belgian F.	15	49.4037	44.6429
Danish Kr.	11	8.98891	8.13275
D mark	7½	2.67622	2.42064
Guilder	8¼	2.94244	2.65837
French Fr.	9½	6.84027	6.18552
Lira	10	1439.68	1301.64
Yen	5½	266.675	241.248
Norwgn. Kr.	8	6.76287	6.11053
Spanish Pts.	8	116.350	105.059
Swedish Kr.	11	6.53196	5.90851
Swiss Fr.	6	2.12075	1.92019
Greek Dr'ch.	20½	—	62.5561

OTHER CURRENCIES

Mar. 4	£	$		£ Note Rates
Argentina Peso	18,266-18,285†	10,000-10,050†	Austria	30.15-30.45
Australia Dollar	1.7060-1.7070	0.9350-0.9355	Belgium	85½-86½
Brazil Cruzeiro	260.60-261.60	142.88-143.59	Denmark	14.47-14.61
Finland Markka	8.279-8.293	4.5290-4.5510	France	10.99-11.09
Greek Drachma	110.085-115.464	61.15-61.36	Germany	4.30-4.34
Hong Kong Dollar	10.69-10.70½	5.8540-5.8590	Italy	2300-2340
Iran Rial	148.20*	81.40*	Japan	430-435
Kuwait Dinar (KD)	0.515-0.521	0.2844-0.2846	Netherlands	4.71¼-4.75¼
Luxembourg Fr.	72.80-79.90	43.69-43.71	Norway	10.87-10.97
Malaysia Dollar	4.2350-4.2550	2.5140-2.5160	Portugal	125-131½
New Zealand Dlr.	2.3260-2.3300	1.2750-1.2765	Spain	183-193
Saudi Arab. Riyal	6.20-6.26	3.4190-3.4210	Sweden	10.50-10.60
Singapore Dollar	3.8550-3.8650	2.1110-2.1130	Switzerland	3.41½-3.45½
Sth. African Rand	1.7870-1.7885	0.9760-0.9725	United States	1.81½-1.83½
U.A.E. Dirham	6.67-6.73	3.6715-3.6735	Yugoslavia	94-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.6883	−0.02	−0.02	±1.5440
Danish Krone	8.18382	8.12963	−0.67	−0.67	±1.6428
German D-Mark	2.41815	2.42126	+0.13	+0.13	±1.1097
French Franc	6.19564	6.19064	−0.08	−0.08	±1.3743
Dutch Guilder	2.67296	2.65503	−0.67	−0.67	±1.5069
Irish Punt	0.686799	0.685086	−0.25	−0.25	±1.6689
Italian Lira	1305.13	1303.24	−0.14	−0.14	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 4 .... 0.559774

EXCHANGE CROSS RATES

Mar. 4	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.922	4.323	433.5	11.058	3.420	4.745	8332.	2.229	79.85
U.S. Dollar	0.547	1.	2.365	236.6	6.049	1.871	2.696	1275.	1.212	43.68
Deutschemark	0.251	0.423	1.	100.1	2.558	0.791	1.098	559.4	0.516	18.47
Japanese Yen 1,000	2.310	4.227	9.994	1000.	25.57	7.908	10.97	5581.	5.155	184.6
French Franc 10	0.904	1.653	3.909	391.1	10.	3.095	4.291	2102.	2.015	72.21
Swiss Franc	0.292	0.535	1.264	126.5	3.233	1.	1.387	681.7	0.652	23.35
Dutch Guilder	0.211	0.385	0.911	91.15	2.330	0.721	1.	491.4	0.470	16.83
Italian Lira 1,000	0.499	0.784	1.854	186.6	4.743	1.467	2.036	1000.	0.056	34.25
Canadian Dollar	0.449	0.820	1.940	194.1	4.962	1.535	2.129	1046.	1.	35.85
Belgian Franc 100	1.252	2.289	5.413	541.6	13.85	4.283	5.942	2920.	2.791	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 5/8	offer 14 3/4	bid 14 3/4	offer 14 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m. quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅜-14⅛	14⅛-14⅝	13½-14½	9¾-9¾	4¼-6	9⅞-10	13¾-14¼	18-12½	12½-14⅛	8¼-6⅝
7 days' notice	14¼-14⅛	14⅝-14⅝	13¼-14½	9⅝-9⅞	4¼-4¾	8⅞-10	13¾-14¼	10-21	19⅛-14⅛	6¼-6⅜
Month	14⅛-14⅛	14⅝-14⅝	15⅛-15⅛	9⅞-0⅞	6⅛-6¼	9⅞-9⅞	14-14½	19¾-21⅝	13⅝-14⅝	6⅛-6⅜
Three months	15⅝-13¾	14½-14⅝	16-16⅝	9⅝-9½	6⅞-6⅞	0⅞-9⅞	16½-15⅝	20-20⅝	13⅝-14⅜	6⅛-6⅛
Six months	13⅞-13⅞	14⅞-14⅞	16-16⅝	9⅝-9½	7⅛-7⅝	9⅛-9⅛	15-19½	20⅜-21	13½-14½	6⅛-6⅛
One Year	13⅝-13¾	14⅞-14⅞	16½-16½	0⅞-9⅞	7⅛-7¼	9⅝-9⅝	16⅝-17⅛	21-21⅝	13¾-14¾	6⅛-6⅛

SFr (financial): short-term 13-14 per cent; seven days' notice 13¾-14 per cent; one month 13¾-13⅞ per cent; three months 13¾-13¾ per cent; six months 13½-13¾ per cent; one year 13½-13¾ per cent.

SDR linked deposits: one month 12½-12⅞ per cent; three months 12⁷⁄₁₆-12¹³⁄₁₆ per cent; six months 12¾-13⅛ per cent; one year 12¹¹⁄₁₆-13⅜ per cent.

ECU linked deposits: one month 12⁹⁄₁₆-12¹⁵⁄₁₆ per cent; three months 12¹³⁄₁₆-13³⁄₁₆ per cent; six months 13¹⁄₁₆-13⁷⁄₁₆ per cent; one year 13⅜-13⅞ per cent.

Asian \$ (closing rates in Singapore): one month 14⁹⁄₁₆-14¹¹⁄₁₆ per cent; three months 14¹¹⁄₁₆-14¹³⁄₁₆ per cent; six months 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent; one year 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent. Long-term Eurodollar two years 15¼-15½ per cent; three years 15¼-15½ per cent; four years 15¼-15¾ per cent; five years 15½-15¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.15-14.25 per cent; three months 14.25-14.35 per cent; six months 14.20-14.30 per cent; one year 14.25-14.35 per cent.

MONEY MARKETS

Rates ease again

London clearing bank base lending rate 13½ per cent (since February 25)

Interest rates continued to ease in the London money market yesterday. Three-month interbank money was quoted at 13¹¹⁄₁₆ per cent down from 13⅞ per cent while three-month eligible bank bills lost ¼ of a point to 12⅞ per cent. Short term rates were steadier however with overnight interbank money opening at 14¼-14½ per cent and rising to 14½ per cent before coming back to trade mostly around 14 per cent. Late balances were taken down to 13 per cent.

The Bank of England gave an early forecast of a shortage of £400m with factors affecting the market including bills maturing in official hands —£274m, Exchequer transactions —£20m and banks' balances below target by £67m. The forecast was later revised to around £450m and in the morning the authorities gave assistance of £444m. This comprised purchases of £2m of Treasury bills, £1m of local authority bills and £49m of eligible bank bills all in band 2 (15-33 days) at 13½ per cent. The Bank also arranged two sale and repurchase agreements both at 13½ per cent, buying £365m of bills for resale on March 17 and £27m of bills for resale on March 31.

Additional help of £20m was given during the afternoon making a grand total of £464m. The afternoon help was a further sale and repurchase agreement on £20m of bills at 13½ per cent, unwinding on March 31.

In Frankfurt the Bundesbank left credit policies and key lending rates unchanged after yesterday's meeting of the central council. However the Bundesbank did announce a further repurchase agreement to add liquidity to the money market at a minimum rate of 9.5 per cent. This will coincide with the maturing on Monday of an existing repurchase plan worth DM 8.4bn, with the new facility unwinding on April 13. In the money market call money was unchanged at 10.05 per cent.

In Paris call money fell to 14 per cent from 14⅛ per cent on Wednesday, reflecting the addition of some FFr 7bn of liquidity into the market. The Bank of France has left its intervention rate at 14 per cent although some had speculated that this was due to be cut. However the authorities must have one eye on the relative performance of the French franc and just recently it has been losing ground against the D-mark with West Germany being France's largest trading partner.

GOLD

Further decline

Gold fell a further \$9¾ an ounce in the London bullion market yesterday to close at \$343¾-344¾, its worst closing level since September 1979. It opened at \$351½-352½ which turned out to be its best level of the day, and fell steadily to finish at its low for the day.

In Paris the 12½ kilo bar was fixed at FFr 67,000 per kilo (\$344.07 per ounce) in the afternoon compared with FFr 67,600 (\$347.10) in the morning and FFr 69,000 (\$354.53) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 26,585 per kilo (\$349.00 per ounce) against DM 27,325 (\$359.01) previously and closed at \$346-347 from \$353½-354½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was \$351.25 from \$357.25.

In Zurich gold finished at \$345-348 from \$353-356.

	Mar. 4		Mar. 3	
Gold Bullion (fine ounce)				
Close	\$343¾-344¾	(£188¼-188¾)	\$353-354	(£193½-194)
Opening	\$351½-352½	(£193-193½)	\$356½-357½	(£195-195½)
Morning fixing	\$347	(£190.241)	\$357.10	(£196.125)
Afternoon fixing	\$346.50	(£189.707)	\$353.75	(£194.155)
Gold Coins				
Krugerrand	\$355½-356½	(£194½-195)	\$364-365	(£199½-200)
1/2 Krugerrand	\$183¾-185¾	(£100-100½)	\$187¼-186¼	(£102¾-105¼)
1/4 Krugerrand	\$93-94	(£51-51½)	\$95¼-96¼	(£52¼-52¾)
1/10 Krugerrand	\$38-39	(£20¾-21¼)	\$38-40	(£21½-22)
Mapleleaf	\$356½-357½	(£195-195½)	\$365-366	(£200-200½)
New Sovereigns	\$84¼-84¾	(£46-46½)	\$86½-87	(£47½-47¾)
King Sovereigns	\$100-101	(£54¾-55¼)	\$101-102	(£55½-56)
Victoria Sovs.	\$100-101	(£54¾-55¼)	\$101-102	(£55½-56)
French 20s	\$83-93	(£46½-51)	\$85-95	(£46½-51½)
50 pesos Mexico	\$424-496½	(£232-233½)	\$436-439	(£239-240¾)
100 Cor. Austria	\$335-337	(£183½-184½)	\$343-346	(£188-189¾)
\$20 Eagles	\$480-485	(£262¾-265½)	\$488-493	(£267½-270½)

LONDON MONEY RATES

Mar. 4 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14¼	14¼-14½	—	—	14½-14¾	13-13½	—	—	—
2 days notice	—	—	14-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14⅝	14-14½	—	—	14⅝-14¾	13-13½	—	—	—
One month	14-13⅞	13¹⁵⁄₁₆-14⅛	14	14½-14¼	14	14⅝	13-13½	—	—	—
Two months	13¾-13⅝	13¾-13⅝	—	14⅛-14	13⅞	14½	13-13½	13⅞	13⅞-13⅝	14¼
Three months	13⅞-13¾	13⅝-13¾	13⅝	14⅛-14	13⅞	14	12¾-15	13⅞	13⅛	14
Six months	13⅝-13¼	13½-13¼	13¾	13⅞-12⅞	13⅝	—	—	12⅞	12⅞-12⅞	13⅝
Nine months	13½-13¼	13½-13⅛	—	13⅛-15½	15⅝	—	—	—	12½-12⅛	13⅜
One year	13⅜-13¼	13½-13⅛	13½	13⅝-13⅜	13⅝	—	—	—	—	—
Two years	—	—	13⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14¾ per cent; four years 14¾ per cent; five years 14½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¹⁵⁄₁₆-12¹³⁄₁₆ per cent; four months trade bills 13⅞ per cent.

Approximate selling rates for one month Treasury bills 13⅛ per cent; two months 13⅛ per cent; three months 12¹³⁄₁₆ per cent. Approximate selling rate for one month bank bills 13⅜ per cent; two months 13-13⅛ per cent and three months 12⅞ per cent; one month trade bills 14 per cent; two months 13⅞ per cent; three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.2862 per cent.

Certificates of Tax Deposits (Series 5) 14 per cent from March 1. Deposits withdrawn for cash 11 per cent.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	14¾-14⅝
Treasury bills (13-week)	12.17
Treasury bills (26-week)	12.46
GERMANY	
Special Lombard	10.00
Overnight rate	10.05
One month	10.175
Three months	10.175
Six months	10.10
FRANCE	
Intervention rate	14.0
Overnight rate	14.0
One month	14.0625
Three months	14.0625
Six months	14.125
JAPAN	
Discount rate	5.50
Call (unconditional)	6.78125
Bill discount (three-month)	6.53125

INTERNATIONAL COMPANIES and FINANCE

Union member nominated to Pan American board

BY PAUL BETTS IN NEW YORK

PAN AMERICAN World Airways, the troubled U.S. airline which reported a record operating loss of $348.8m last year, yesterday nominated a member of the American pilots' union to serve on the company's board of directors. He is Mr Robert Gould, an airline pilot who is at present chairman of Pan Am's Master Executive Council of the Airline Pilots Association.

Pan Am at present has 15 members on its board who are all due for election at the company's annual meeting in Houston, Texas, next May.

Yesterday's nomination follows an agreement by the airline last October with its unions to elect a union member on the board in exchange for a 10 per cent pay cut and a wage freeze.

The airline also said yesterday it plans to expand its services. It will restore Caribbean services and increase flights to Europe, Africa, the Pacific and Latin America. Most of these expanded services will begin towards the end of next month.

The expansion will increase Pan Am's scheduled services by 15 per cent.

The new move will include adding new non-stop flights between New York and Hamburg. The airline said it would also resume New York to Johannesburg passenger flights, with three trips a week.

The number of daily non-stop flights between New York and California are to be increased to four from the current two. New daily flights are planned between Los Angeles and Mexico City, Chile, and Osaka, Japan.

World Airways seeks pay cuts

By Our New York Staff

WORLD AIRWAYS, the California-based U.S. carrier, is seeking major labour concessions from its unionised workers.

The troubled airline is expected to begin negotiations with its unions later this month on a new labour agreement. Among the concessions it is seeking is a wage cut of between 10 per cent and 20 per cent.

The airline, which has asked the Port of Oakland in California to defer for two years part of its lease payments on the company's hanger headquarters at Oakland International Airport, laid off about half of its unionised employees last month.

The lay-offs involve 700 workers including pilots and mechanics. For his part, Mr Edward Daly, the airline's chairman, has said he will return half his 1981 salary.

The airline is suffering from acute cash problems. It incurred losses of $3.4m on revenues of $278.3m in the first nine months of last year.

Norway hopes to liven-up its stock market. Fay Gjester reports

Stimulating the Oslo bourse

NORWAY has further relaxed the restrictions on purchases of shares by non-residents as a means of stimulating the Oslo bourse.

At the weekend, the Finance Ministry announced the abolition of the NKr 1m ceiling on foreign purchases of Norwegian shares and with it the licensing system through which the Bank of Norway has regulated non-residents' buying. The NKr 1m ($166,000) limit will still apply to non-residents' purchases of bearer bonds.

The move is timely since foreign investors appear to have more confidence in Norwegian shares than Norwegians themselves. The uncertain economic outlook, the continuing deterioration in the competitive position of Norwegian industry and the prolonged shipping recession have depressed share prices.

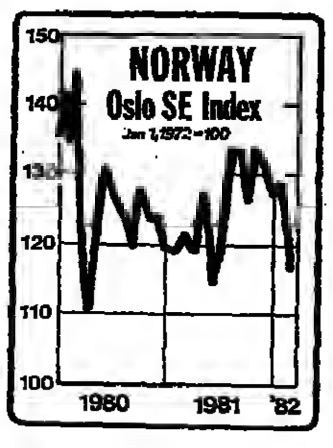
The new minority Conservative Government gave some tax concessions to equity investors in its 1982 budget, but these were relatively minor and domestic enthusiasm for the stock market has remained muted, as the accompanying graph shows.

Foreigners, on the other hand, have been buyers since October 1979 when the old Labour Government doubled the limit on non-resident purchases to NKr 1m. Last year, foreign purchases of Norwegian shares totalled NKr 500m, according to some estimates.

Of course, the Oslo bourse is a minnow in world terms. It is capitalised at NKr 13.5bn ($2.3bn) — less than 2 per cent of the London stock market — and at least half of this is accounted for by just one company, Norsk Hydro, the energy and industrial group whose shares have always been freely available to outside investors.

Moreover, it is quite clear that the abolition of the Nkr 1m limit will not give non-residents totally free access to the market. Plenty of other restrictions still apply, notably those laid down by the concession laws or by the statutes of individual companies.

These laws bar non-residents from holding any stake in certain kinds of companies (such as hydro-electric power companies), and limit the stake they may hold in others, like banks.



Companies themselves may bar or limit foreign shareholdings. Several Norwegian industrial groups have fixed quotas for foreign shareholders, including Storebrand, Vesta, Kvaerner, Norcem, Dyno and Elektrisk Bureau.

Saga Petroleum, the oil company, does not allow foreigners to hold its shares. This rule may have to be relaxed, if Saga is to raise the capital it will need over this decade to fulfil its offshore investment programme.

Shares in shipping companies, too, have restricted ownership. Their sale to foreigners is licensed by the Ministry of Trade and Shipping.

Mr Morten Carlsen, an economist with the Bank of Norway, recently estimated that even if the Nkr 1m ceiling were lifted—as is now the case—continuing restrictions would limit to about Nkr 1.6bn the overall potential sales to non-residents of Norwegian shares, excluding shipping shares and shares in Norsk Hydro.

On these same assumptions, Norwegian stockbrokers calculated that there is scope for non-residents to buy additional Norwegian shares worth between NKr 500m and NKr 800m. This amount would be too small to have "a destabilising effect on Norwegian foreign exchange and money markets," Mr Carlsen says.

He suggests, however, that lifting exchange restrictions on non-residents' purchases of Norwegian bonds would probably have far greater consequences for foreign exchange and monetary policy. This explains why the capital market restrictions are being retained.

West German steel group in the red

By James Buchan in Bonn

KLOECKNER-WERKE, a leading West German steelmaker, dipped sharply into loss last year after breaking even in 1980.

In a preliminary report on the year to last September, the Duisburg group said it registered losses of DM 86m ($36.3m) in what it described as the worst year for three decades. Demand has been weak and costs for raw materials, energy and borrowing have soared.

All West German steel companies were badly hit last year, including Thyssen, the largest and most resilient, which plunged to a DM 68m loss. However, Kloeckner-Werke said its difficulties with the steel sector were partially compensated by positive results in its manufacturing division. It was able to deposit DM 100m in its reserves.

Because of the pressure on earnings, Kloeckner-Werke is planning further cuts in its workforce and will close its three outmoded open-hearth furnaces earlier than planned.

Cartel Office fears over London tobacco merger

BY STEWART FLEMING IN FRANKFURT

THE WEST GERMAN Cartel Office is seeking to prevent the further concentration of the German tobacco industry as a result of the acquisition by Philip Morris of a 50 per cent stake in Rothmans Tobacco Holdings (London).

The deal between the two tobacco giants, announced last year, gives Philip Morris an indirect stake in Martin Brinkmann, the German subsidiary of Rothmans International, the third largest West German cigarette company.

In an official statement the Cartel Office made it clear that it fears that the merger in London will lead to the indirect merger of Philip Morris's German subsidiary, the fourth largest West German cigarette company, and Brinkmann.

That in turn, the Cartel Office argues, will tend to exacerbate the highly concentrated structure of the German cigarette market in which the five leading producers control together some 99 per cent of the market. Brinkmann and Philip Morris operations in Germany together account for around 31 per cent of the market, slightly more than the share held by the market leader Reemtsma.

The implications of the Cartel Office's decision are difficult to estimate because of the complex nature of the relationship between Philip Morris and Rothmans. Philip Morris last year bought 50 per cent of Rothmans Tobacco Holdings from the secretive Rembrandt Group of South Africa for $350m. Rothmans Tobacco Holdings in turn has a 44 per cent stake in Rothman's International, which owns 100 per cent of Brinkmann.

Neither Philip Morris nor Brinkmann had any comment to make following the Cartel Office's announcement theoretically they could appeal the findings through the normal Court procedures and ultimately seek a special Ministerial approval for their relationship. Alternatively they could seek to challenge the Cartel Office'o jurisdiction over a deal which was made in London and which only indirectly affects the German cigarette market.

Deminex shares in Alberta oil venture

By Robert Gibbens in Montreal

DEMINEX CANADA, an affiliate of the West German Veba energy group, is participating in heavy oil development in the Cold Lake area of Alberta with Alberta Energy, the major Canadian energy company in which the Alberta Government has a large interest.

Initially Deminex will contribute C$ 27m (U.S.$ 24.5m) and later a further minimum of C$ 24m in the form of technical assistance. The contribution is aimed at bringing Cold Lake heavy oil to the recovery and pilot testing stage. Deminex will earn a 10 per cent interest in a 200 sq mile heavy oil permit area with an estimated 14bn barrels of oil in place.

RCA halves quarterly dividend

By Our Financial Staff

RCA, the U.S. conglomerate, has cut its quarterly dividend for the first time.

Mr Thornton Bradshaw, RCA's new chairman who was formerly president of the Atlantic Richfield oil company, said the decision to halve the quarterly payment from 45 cents to 22.5 cents reflected the uncertainties of the current economic climate and the company's desire to strengthen its balance sheet.

The move was not unexpected in view of RCA's depressed earnings last year. The company's profits for 1981 declined by nearly 83 per cent to $54m reflecting several operating and financial problems in almost every division of the group.

Mr Thornton, who has launched an ambitious restructuring of the company which includes the proposed sale of the Hertz car rental subsidiary, said: "the dividend action should be viewed as a further element of our previously announced company programme to reduce costs, streamline operations and position the company to capitalise on the future."

RCA has been paying dividends since the fourth quarter of 1937 and has never before cut its regular quarterly payment. It was increased by 5 cents to 45 cents for the second quarter of 1980.

Modest advance by Coca-Cola

By Our Financial Staff

COCA COLA Company boosted its net earnings in the final quarter of 1981 despite a modest decline in sales for the U.S. soft-drink group which is to take over Columbia Pictures.

Net profits for the period were $106.23m compared with $95.86m on sales of $1.41bn ($1.42bn). For the year net earnings were $481.78m against $442.11m with sales up from $5.62bn to $5.89bn. Per-share profits for the year were $3.90 against $3.42, with the final quarter contribution up from 78 cents to 86 cents. The 1981 results included a $29m pre-tax gain from the sale of its Aqua Chem subsidiary.

Coca-Cola attributed its higher fourth-quarter earnings to a substantial increase in profits from its U.S. soft drink operations. It said it recorded continued growth in its market share in the U.S. and unit shipments of its syrups and concentrates rose 10 per cent in the fourth quarter and 5 per cent in the full year.

Sales of foreign operations rose by 3 per cent for the year but gains were offset by the weakness of foreign currencies against the dollar.

IADB makes Eurodollar bond debut with $55m 5-year issue

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE INTER-AMERICAN Development Bank made its debut in the dollar eurobond market yesterday with a $55m, five year issue led by Salomon Brothers.

The bonds bear a coupon of 15¼ per cent and issue price par. The Inter-American Bank floated eurobonds in the yen sector last year, but its decision to tap the dollar sector as well reflects the need to diversify its source of funds in the face of a highly ambitious borrowing programme.

The Bank is understood to be aiming for total borrowings in 1982 of some $1.4bn to $2bn compared with last year's total of $800m. Last year it already became the ninth largest single issuer of bonds in the international market.

Yesterday also saw the launch of a $200m floating rate note by Credit Agricole, the largest bank in France and the fourth largest in the world.

Credit Agricole is paying a margin of ¼ per cent over six month Libor with a minimum coupon of 5¼ per cent. The 15-year notes are priced at par but may be redeemed after eight years an dagain after 11½ years.

Total commissions on the deal, which is led by Morgan Stanley, and Goldman Sachs, are 0.7 per cent which offsets the rather generous margin over Libor.

UBS (Securities) and Salomon Brothers are arranging a $100m, 10-year bond for TransCanada Pipelines. The bonds bear an indicated coupon of 16 per cent with optional redemption starting in 1988 at 102 and declining in half point stages thereafter to par.

In the Canadian dollar sector Hydro-Quebec is raising C$50m through a seven-year 16¼ per cent bond issue priced at par by Merril Lynch International.

Dollar eurobonds were again slightly higher in the secondary market yesterday, while D-Mark and Swiss France issues also gained an easier local money market conditions.

In Switzerland Crown Zellerbach is raising SwFr 50m through a six-year 7¾ per cent private placement priced at par by lead managers UBS. General Motors Acceptance Corporation is floating a six year SwFr 150m private placement with a coupon of 7¼ per cent led by the same bank.

The bond for SCN of Luxembourg was cut in amount to SwFr 80m from an initial indication of SwFr 100m and given a coupon of 8 per cent by lead managers Credit Suisse.

Japan freezes zero coupons, Page 25

$75m credit for Mexican utility

By Our Euromarkets Correspondent

MEXICO'S state telephone company, Telefonos de Mexico, is raising $75m in the Euromarket through a seven-year note issuance facility led by Intermex and Samuel Montagu.

The facility allows Telefonos to issue on a revolving basis a total of $75m in six-month notes bearing interest at a margin of ⅜ per cent over London interbank offered rate. A group of underwriters is being formed to handle the notes in return for a further ⅛ per cent annual underwriting fee.

The managers may keep the notes themselves, in which case they collect both the margin and underwriting fee for a total effective margin of ½ per cent. Or they may sell the notes in the money market and collect simply the underwriting fee. The notes are to be listed on the London Stock Exchange.

The facility can be extended from seven to 10 years on payment by the borrower of a ⅛ per cent extension fee.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23.

Closing prices on March 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¾	103⅞	+0½	+0¼	15.52
APS Fin. Co. 17⅜ 86	60	105¼	106⅞	+0½	+0⅞	16.37
APS Fin. Co. 16¼ 88	75	102¼	102¾	+0⅛	+1⅞	15.61
Armco O/S Fin. 15⅜ 88	50	99¾	100¼	+0⅛	+0⅛	15.31
Bank Montreal 16¼ 91	150	103	103½	+0¼	+1⅞	15.64
Br. Colum. Hyd. 16¼ 88	100	103¼	103⅞	+0⅛	+1⅝	15.28
Br. Colum. Mfa. 17 87	54	103¾	104¼	+0⅛	+0⅛	16.23
Can. Nat. Rail 14⅞ 91	100	98⅛	98⅞	+0⅛	+1½	15.27
Caterpiller Fin. 16½ 86	100	103⅞	104⅛	+0⅛	+1⅛	15.12
CFMP 16¼ 96	100	101⅞	102⅛	0	−0⅛	16.31
CIBC 16¾ 91	100	104½	105	+0⅛	+1⅞	15.70
Citicorp O/S 16¼ 98	150	103⅞	104⅛	+0⅛	+0⅛	15.35
Cities Service 17 88	150	105¼	105¾	+0⅛	+1⅛	15.52
Cons.-Bathurst 17½ 88	60	102⅞	103¼	+0⅛	−0¼	16.65
Dupont O/S 14½ 88	400	99¼	99¾	+0¼	+0⅞	14.58
Dupont O/S Cap. 0.0 90	300	35⅛	35⅝	+0⅛	+1	13.98
EIB 16⅜ 91	100	104¼	104¾	+0⅛	+2⅛	15.76
Gen. Elec. Credit 0.0 92	400	28⅞	29⅛	0	+0⅞	13.10
Gen. Elec. Credit 0.0 93	400	25⅞	26⅛	−0⅛	+1	12.80
GMAC O/S Fin. 16½ 84	300	101¾	102¼	+0⅛	+0⅛	15.40
GMAC O/S Fin. 16 88	150	99⅛	99⅝	+0½	+1⅛	16.10
Gulf States O/S 17½ 88	60	104¾	105¼	+0⅛	+0⅞	16.13
Japan Airlines 15⅜ 88	50	100⅛	100⅝	+0⅛	+0⅛	15.08
Nat. Bk. Canada 16½ 88	40	100¾	101¼	−0⅛	+0⅛	16.88
Nat. West 14¾ 91	100	98½	99	+0⅛	+1⅛	14.97
New Brunswick 17 88	80	106⅛	106⅝	+0⅛	+1½	15.26
New & Lab. Hy. 17⅛ 88	75	104⅛	104⅝	+0⅛	+0⅞	16.13
Ohio Edison Fin. 17½ 88	75	105½	106	+0⅛	+1⅛	15.95
OKG 15¾ 97	50	98⅜	98⅞	−0⅛	+0⅛	15.95
Ontario Hyd. 18 91 (N)	200	103⅜	103⅞	+0⅛	+1⅛	16.24
Pac. Gas & El. 15⅝ 89	80	101½	102	+0⅛	+1⅝	15.29
J. C. Penney Gl. 0.0 92	350	20⅞	21⅛	0	+0⅛	11.66
Quebec Hydro 17¼ 91	150	107	107½	+0⅛	+1⅛	15.66
Quebec Prov. 15⅜ 89	150	97½	98	+0⅛	+1⅛	15.73
Saskatchewan 16⅛ 88	100	102⅜	102⅞	+0⅛	+1	15.63
Statsforetag 15¾ 87	50	99⅜	99⅞	+0⅛	+1	15.82
Sweden 14½ 88	150	95⅛	95⅝	+0⅛	+1	15.81
Swed. Ex. Cred. 16½ 93	75	101¾	101¾	0	+0⅛	16.10
Texas Eastern 15⅞ 88	75	100	100½	+0⅛	+1⅛	[illegible].76
Transcanada 17¾ 88	75	106⅞	107⅜	−0⅛	+0⅛	15.84
Transcanada 18 89	100	98⅞	99⅜	0	+0⅛	18.16
Winnipeg 17 98	50	105½	106	+0⅛	+1	15.09
WMC Fin. 15½ 88	50	96⅝	97⅛	+0⅛	+0⅛	16.24
World Bank 16½ 86	130	104⅛	104⅝	0	+1⅛	14.98
World Bank 16½ 88	100	104⅛	104⅝	−0⅛	+1⅛	15.30
Average price changes...		On day +0⅛ on week +1				

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅜ 91	300	98⅜	99	0	−0⅛	9.55
Belgelectric 11 91	100	101⅛	102	+0⅛	+0⅛	10.70
CECA 10 91	120	101⅛	102	+0⅛	+1	9.72
Coun. of Europe 10 91	100	100⅝	101⅛	+0⅛	+0⅞	9.86
Coun. of Europe 10¼ 91	100	101⅝	102⅛	+0⅛	+1⅛	9.90
EEC 10⅛ 93	100	100⅞	101⅜	+0⅛	+0½	9.94
EIB 10½ 91	200	102⅞	103½	+0⅛	+0½	9.96
EIB 9⅝ 88	60	99¼	99¾	+0⅛	+0⅛	9.84
Finland, Rep. of 10½ 88	100	100⅝	101⅛	0	+0⅛	10.19
Inter-American 10 91	100	100⅝	101⅛	0	+0½	9.83
Inter-American 10¼ 91	100	101⅜	101⅞	0	+0⅛	9.98
Ireland 10⅛ 98	100	100	100½	−0⅛	0	10.08
Mexico 11 88	100	100⅜	100⅞	+0⅛	−0⅛	10.84
Midland Int. Fin. 8½ 90	180	93½	94⅛	+0⅛	+0⅛	9.56
Mt. Bk. Dnmk. 10⅛ 91	100	99⅞	100⅜	0	+0⅛	10.44
Nat. West. 9⅞ 92	100	100⅜	100⅞	+0⅛	+0⅛	9.74
New Zealand 9⅞ 88	200	100⅞	101½	+0⅛	+0½	9.52
OKB 10⅛ 91	150	100⅝	101⅛	+0⅛	+0⅛	9.96
OKB 9⅝ 86	150	99⅛	99⅝	+0⅛	+0⅛	9.84
Quebec Hydro 10⅛ 91	180	101⅜	101⅞	−0⅛	−0⅛	9.97
Swed. Ex. Cred. 10⅜ 81	100	99⅜	99⅞	0	−0⅛	10.32
Venezuela 11½ 91	100	100⅛	100⅝	+0⅛	+0⅛	11.39
World Bank 10 91	250	102⅛	102⅝	+0⅛	+1⅛	9.54
Average price changes...		On day +0⅛ on week +0⅞				

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	101	101½	−0⅛	0	7.33
Asian Dev. Bank 8 90	80	102⅛	102⅝	0	+0⅛	7.63
Australia 6¾ 93	100	101⅜	101⅞	+0⅛	+0½	6.58
Belgelectric 7½ 91	80	†100	100⅛	+0⅛	0	7.48
Bell Canada 7¾ 93	100	103⅛	103⅝	0	+0⅛	6.82
Bet. de Autopistas 8 90	50	99⅛	99½	+0⅛	+0⅛	8.09
Denmark 7⅜ 91	100	97⅛	97⅝	+0⅛	+0⅛	7.61
Dome Petroleum 7¼ 90	100	101⅛	101½	0	−0⅛	7.04
EIB 7⅛ 92	100	99⅛	99⅝	0	+1⅛	7.30
Elet. de France 7 92	100	98⅞	99⅛	+0⅛	+1⅛	7.14
ENEL 8 92	44	99⅜	100	0	+1⅛	8.02
Gonntar 7 91	100	100⅝	101	0	+0⅛	6.88
I/S Elsam 8½ 91	90	104	104⅛	+0⅛	+1⅛	7.86
Japan Air Lines 7⅛ 91	100	103	103⅛	+0⅛	+1	6.79
Neder. Gasunie 6 91	100	106	106⅛	−0⅛	+0⅛	7.09
Nippon T. and T. 6⅝ 92	100	100⅛	100⅝	+0⅛	+1⅛	6.54
OKB 7⅛ 91	100	98⅛	98⅞	−0⅛	+0⅞	7.43
Oslo, City of 8 91	100	104⅛	104⅝	+0⅛	−0⅛	7.36
Ost. Donaukraft 7 92	100	98⅜	98⅝	+0⅛	+0⅛	7.21
Saint Etienne 8½ 91	20	104⅛	105	0	+0⅛	7.78
Swed. Ex. Cred. 7⅛ 91	75	96⅜	96⅞	0	+0⅞	7.76
TNT O/S Fin. 8 91	50	103⅛	104	0	+0⅛	7.42
Transcanada Pipe. 7 94	100	101⅛	101⅝	+0⅛	+0⅛	6.91
Unilever NV 7½ 93	100	105⅛	105⅝	+0⅛	+1⅛	6.83
World Bank 7 90	100	99⅛	99⅝	+0⅛	0	7.12
World Bank 8 91	100	104⅛	104⅝	0	+0⅛	7.32
Average price changes...		On day +0⅛ on week +0⅛				

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	99⅛	100⅛	0	+0⅛	8.30
Australia 8½ 88	20	91⅛	92⅛	+0⅛	+0⅛	8.27
EIB 7¾ 89	12	98½	99½	0	+0⅛	7.92
Finland, Rep. of 8⅝ 87	15	99	100	−0⅛	0	8.48
Int.-Amer. Dev. 8⅞ 91	15	100⅛	101⅛	0	+0⅛	8.51
New Zealand 8⅜ 87	15	99⅞	100⅞	0	0	8.27
Average price changes...		On day 0 on week +0⅛				

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†97¾	98¼	+0⅛	0	17.34
CIBC 15⅞ 89 C$	75	†94¾	95⅛	0	+0⅛	17.00
Pancanadian 16½ 88 C$	65	†97	97½	0	+0⅛	17.16
Quebec 17½ 87 C$	50	†102½	103½	+0⅛	+0⅛	16.57
Queb. Urban 16⅜ 86 C$	20	†100	101	0	0	16.52
Tordom Cpn. 16½ 88 C$	25	†97⅛	97⅞	0	+0⅛	17.20
Transalta 17 89 C$	60	†99⅛	99⅝	+0½	+1	17.11
M. Bk. Dnmk. 9 91 EUA	25	86⅛	87⅞	0	−0⅛	11.20
SOFTE 8¾ 89 EUA	40	78⅞	80⅛	0	+0⅞	12.81
U. Bk. Nwy. 9½ 90 EUA	18	92	93⅛	0	+0⅛	10.93
Algemene Bk. 10⅛ 88 Fl	60	99⅛	99⅝	−0⅛	+0⅛	10.37
Amfas Group 12⅛ 88 Fl	40	103⅛	103⅝	−0⅛	+0⅛	11.25
Amro Bank 12 86 Fl	75	103⅛	103⅝	−0⅛	+1⅛	10.94
Amro Bank 12 86 Fl	60	103⅛	103⅝	−0⅛	+1⅛	11.00
Heineken NV 10 87 Fl	100	96⅞	97⅜	−0⅛	+0⅛	10.77
Pierson 10⅛ 86 Fl	50	96⅞	98⅛	−0⅛	+0⅛	10.77
Rabobank 12 88 Fl	50	103	103½	+0⅛	+1	10.97
Air France 14½ 86 FFr	200	95⅛	96⅛	−0⅛	−0⅛	15.99
Bk. America 14½ 86 FFr	250	93⅛	94⅛	0	−0⅛	16.60
Charb'nages 13⅞ 85 FFr	400	95	96	+0⅞	−0⅛	15.47
EIB 14⅛ 88 FFr	300	91	92	+0⅛	+0⅞	16.48
La Redoute 14⅛ 85 FFr	125	91⅛	92⅛	−0⅛	−0½	17.30
OKB 14 86 FFr	400	93½	94½	0	−0⅛	10.15
Solvay et C. 14⅛ 86 FFr	200	94½	95½	+0½	−0⅛	16.54
Swed. E. Cr. 14⅛ 86 FFr	250	94⅛	96⅛	−0⅛	−0⅛	16.45
U. Mex. Sta. 14 85 FFr	150	91⅛	92½	−0⅛	−0⅞	17.34
Acona 14 85 £	20	91⅛	92⅛	0	0	16.88
Beneficial 14½ 90 £	20	85⅞	86⅞	0	+0⅛	17.34
BNP 13½ 91 £	15	87⅞	88⅞	+0⅛	+0⅞	18.02
CECA 13½ 88 £	20	92	93	+0⅛	+1½	15.32
Citicorp O/S 13½ 90 £	50	93⅛	94⅛	+1½	+2⅞	14.85
Fin. Ex. Cred. 13⅞ 88 £	15	92⅞	93⅞	+0⅛	+0⅛	16.11
Gen. Elec. Co. 12⅞ 89 £	50	88⅛	89⅛	+0⅛	+1⅛	15.21
Hiram Walker 14⅛ 86 £	25	96½	96½	+0⅛	+1⅛	16.80
Privatbanken 14½ 88 £	12	91⅛	92⅛	0	−0⅛	16.76
J. Rothschild 14⅛ 90 £	12	96	97	0	+2⅛	14.95
Royal Trustco 14 86 £	12	94⅞	95⅞	+0⅛	+0⅞	15.64
Swed. Ex. Cr. 13⅞ 88 £	20	94⅞	95⅞	+0⅛	+1⅛	15.59
Akzo 9⅛ 87 LuxFr	500	91⅛	92⅛	+1½	+2⅛	11.28
Euratom 9⅞ 88 LuxFr	500	88	90	+0⅛	+1	12.36
Eurofima 10½ 87 LuxFr	500	95⅛	96⅛	+1⅛	+2⅛	11.53
EIB 9⅛ 88 LuxFr	600	91⅛	92⅛	+1⅛	+1⅛	11.79
Volvo 9⅛ 87 LuxFr	500	91⅞	92⅛	+1⅛	+2⅛	11.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0¼	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5¼ 91	0¼	100⅛	100⅝	10/6	13⅛	13.18
Bk. Nova Scotia 5¼ 93	0¼	99⅝	100⅛	29/4	17.06	17.08
BFCE 5¼ 88	0¼	99⅛	100⅛	26/4	16.94	16.96
BFCE 5¼ 87	0¼	99⅛	100⅛	27/7	16⅛	16.25
Christiania Bk. 5½ 91	‡0¼	99⅛	99⅞	5/5	16	16.06
Co-Ben Eurofin 5½ 91	0¼	98⅝	99⅛	14/4	16.69	16.86
Den Norske Cred. 5½ 93	0¼	97⅛	98	4/6	13.56	13.87
Genfinance 5⅛ 92	0¼	99⅛	99⅞	30/5	15½	15.54
Giro und Bank 5⅛ 91	‡0¼	99⅛	99⅝	23/3	14.06	14.15
GZB 5⅛ 92	‡0⅛	98	99½	5/3	13⅛	13.22
Ind. Bank Japan 5⅛ 88	0¼	99⅛	100⅛	9/5	13.31	13.31
Lloyds Eurofin 5⅛ 98	§0⅛	99½	100	29/4	17.13	17.17
LTCB Japan 5½ 89	0¼	99⅛	99⅝	18/7	15.31	15.39
Midland Int. Fin. 5 91	0¼	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88	0¼	†96⅝	97⅛	25/3	17.31	17.87
Nat. Bk. Canada 5⅛ 88	0¼	98½	99⅞	24/3	17.31	17.38
Nat. West. Fin. 5⅛ 91	§0⅛	99⅛	99⅞	15/7	15.19	15.24
Nat. West. Fin. 5⅛ 92	§0⅛	99⅛	99⅞	23/4	17	17.04
Nippon Credit 5½ 90	0¼	99⅛	99⅞	10/8	16.06	16.12
Nordic Int. Fin. 5½ 91	0¼	98½	99	6/5	15⅛	15.82
Offshore Mining 5⅛ 91	0¼	98⅛	98⅞	2/6	13	13.16
Pemex 6 91	0¼	96⅞	97⅛	3/4	17	17.56
PKbanken 5 91	0¼	98⅛	99⅛	17/6	14⅛	14.52
Sanwa Int. Fin. 5⅛ 88	0¼	†98⅝	99⅛	24/3	17⅛	17.42
Scotland Int. 5⅛ 92	0¼	99⅛	99⅛	23/3	13.94	14.10
Sec. Pacific 5⅛ 91	0¼	99⅛	99½	29/5	13⅛	13.40
Societe Generale 5⅛ 91	0¼	99	99½	22/7	15⅛	15.37
Standard Chart. 5⅛ 91	0¼	99⅛	99⅞	19/5	13.31	13.50
Sumitomo Fin. 5½ 88	0⅛	99⅝	100⅛	9/8	16	16.02
Toronto Domin'n 5⅛ 92	0¼	99⅝	100⅛	11/9	15⅛	16.38
Average price changes...		On day 0 on week +0⅛				

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 88	7/81	933	90⅛	91⅛	+0⅛	3.58
Bow Valley Inv. 8 95	4/81	23.12	94⅛	96½	−0⅛	60.78
Bridgestone Tire 5½ 96	3/82	470	86½	88	−0½	−4.40
Canon 6⅛ 95	1/81	829	84⅛	86⅛	−5⅛	−1.05
Daiwa Secs. 5½ 96	12/81	513.3	†64	66	0	−8.41
Fujitsu Fanuc 4½ 96	10/81	6770	99½	101	−2⅛	6.23
Furukawa Elec. 5⅛ 96	7/81	300	100½	101½	−2	−8.70
Hanson O/S Fin. 9½ 96	8/81	1.36	†85	86	−2	−9.39
Hitachi Cable 5⅛ 96	2/82	515	90⅛	91⅞	−3½	−4.16
Hitachi Cred. Cpn. 5 96	7/81	17.73	78	80	−0½	3.94
Honda Motor 5½ 97	3/82	841	83	84½	−2⅛	1.39
Inchcape 8 95	2/81	4.55	†59½	61	0	16.18
Kawasaki 5⅛ 96	9/81	229	66⅛	68⅛	−3⅛	3.20
Marui 5 96	7/81	931	95⅛	96⅝	−2⅛	6.62
Minolta Camera 5 96	10/81	909	80⅛	81⅛	−4½	2.29
Minorco 9⅛ 97	5/82	8.16	90⅛	91⅛	−1⅛	10.82
Murata 5⅛ 98	7/81	2190	61⅛	63⅛	−2⅛	10.43
NKK 6½ 96	7/81	188	77⅛	78⅛	−1⅛	−23.93
Nippon Chemi-C. 5 91	10/81	919	92	94	−0⅛	2.82
Nippon Electric 5⅛ 97	2/82	846	91⅞	93⅛	−5⅛	2.40
Orient Finance 5⅛ 97	3/82	1587	90⅛	92¼	−0⅛	8.98
Sanyo Electric 5 96	10/81	652	67⅛	69⅛	−1⅛	−0.30
Sumitomo Met. 5⅛ 96	10/81	305	65½	67	−4½	7.62
Swiss Bk. Cpn. 5⅛ 90	9/80	191	72	74	0	16.53
Koninhiroku 6 90 DM	2/82	585	†104	106	+0⅛	0.96
Mitsubishi H. 6 89 DM	2/82	263	95½	96⅛	+0⅛	10.71

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Total refining subsidiary suffers severe setback

BY TERRY DODSWORTH IN PARIS

COMPAGNIE Francaise de Raffinage (CFR), the refinery subsidiary of France's Total oil group, suffered a crippling loss last year, caught between the effects of relatively high priced long-term supply contracts and the tight control on prices in the French market.

The plunge in the group's results, from a net profit of FFr 97m in 1980 to a loss of FFr 1.2bn ($200m), demonstrates the parlous position of the refinery industry. It will undoubtedly focus attention on plans that emerged at the end of last year for significant cuts in this sector.

CFR's statement draws attention to the "relatively unfavourable" structure of its own long-term supply agreements, which have proved costly and difficult to change at a time of falling market prices. In addition, it says that its high stock levels at the end of 1980 meant that it could not switch to buying cheaper, already refined products on the world market.

On the prices side, it accuses the Government of failing to allow sufficient increases on controlled products to allow for the sizeable increase in the dollar exchange rate. At the same time, prices of uncontrolled products were depressed by the weak market conditions, says CFR.

The fall in the market led to a drop of 4.7 per cent in CFR's volume oil sales, from 29m tonnes to 27.7m tonnes, although turnover went up by 25 per cent from FFr 36bn to FFr 45bn. Refining volume fell by 15 per cent to 26m tonnes.

Since the end of last year, CFR says that it has been virtually able to eliminate its supply cost problems. But it adds that it is still suffering from the unsatisfactory market and the negative effects of the Government's pricing policies on controlled products.

UBS lifts earnings despite costs rise

By Brij Khindaria in Zurich

UNION Bank of Switzerland (UBS) continued its strong performance in 1981 raising net profit to SwFr 381.8m ($203m) —an increase of 14.3 per cent over 1980—despite an unfavourable interest rate structure and a large jump in operating costs.

The bank will pay unchanged dividends of SwFr 100 per bearer share, and plans to make a bonus issue.

The UBS result compares favourably with those reported recently by the other two major commercial banks in Switzerland. Credit Suisse saw earnings dip by 1.8 per cent to SwFr 276m last year while at Swiss Bank Corporation net profits rose by 12 per cent to SwFr 321.7m.

All divisions contributed to UBS's profits with interest income rising by 26.3 per cent over 1980. However, mortgage rates remain at unsatisfactory levels and savings deposits continue to grow slowly.

Income from securities rose by about 9 per cent but earnings from the precious metals fell by 8.6 per cent.

Bank total assets rose by 20.9 per cent to SwFr 93.7bn of which SwFr 7.5bn were made up of the inclusion for the first time of bullion accounts. About SwFr 1bn of the gain came from changes in the dollar exchange rate.

The pace of business together with inflation brought an 11 per cent increase in operating costs, and tax payments increased by 11.9 per cent.

Time deposits rose by 20.8 per cent to SwFr 22bn but savings and deposit accounts dropped by SwFr 500m.

Christiana Bank earns less on capital after merger

BY FAY GJESTER IN OSLO

CHRISTIANIA BANK, one of Norway's biggest commercial banks, is maintaining an unchanged dividend of 12 per cent for 1981—despite a decline in profitability which reflected the stringent credit policies pursued in Norway through most of last year.

The bank, which merged with the regional bank Vestfoldbanken in 1981, reports operating profits of NKr 235.4m ($39m) for the year, compared with a total for the two banks of NKr 204.4m a year earlier. But earnings as a proportion of average capital employed fell to 1 per cent, from 1.04 per cent in 1980, and net interest income declined to 3.2 per cent from 3.5 per cent.

Total assets rose to NKr 24.5bn at end 1981, compared with NKr 21.5bn for Christiania plus Vestfoldbanken a year earlier.

Last year saw a significant expansion of the bank's activities abroad. Representative offices were opened in Stockholm and Houston. In New York, Christiania partnered other Scandinavian banks in establishing a jointly-owned subsidiary (American Scandinavian Banking Corporation) in which it has a 25 per cent stake.

Kredietbank share price recovers

By Giles Merritt in Brussels

KREDIETBANK, Belgium's No. 3 banking group which was recently shaken by the surprise resignation of two of its directors, has now seen a sharp recovery in its share price following clarification of the Saudi Arabian operations responsible for the upheaval.

The bank's share price stabilised yesterday at BFr 4,740 per share, marking a sustained improvement on the BFr 4,455 level to which it had dropped on March 1. Then, following reports in the Belgian Press of losses incurred by Saudi Arabian clients, the price had tumbled BFr 495.

But Kredietbank has since made it plain that the silver market dealings by a client in Saudi Arabia are entirely covered by "liquid and other extensive real guarantees." The bank also stressed that there had never been any question of its granting loans for the dealings, but only of the usual spot and forward transactions, and added that in any case the transactions were not yet completed.

The bank, which is the flag carrier of the Flemish business community in Belgium, has also moved sharply to correct reports in some Dutch-language newspapers that the silver market dealings were illegal in Saudi Arabia. Kredietbank is forecasting that its profits for the year ending on March 31 will match 1980/81 net earnings of BFr 1.76bn.

Elkem forced to pass dividend

By Our Oslo Correspondent

ELKEM, the Norwegian industrial group with interests in metals and mining, is passing its dividend for 1981. Shareholders received 12 per cent for 1980.

The group's preliminary results, published recently, showed a loss of about NKr 150m, compared with a profit of NKr 178m in 1980 and NKr 262m in 1979.

The world recession has hit demand and prices for its main products, steel, ferro alloys, and aluminium.

David White in Paris looks behind a Franco-Dutch diplomatic tussle

Stony ground for fertiliser plan

RECENT French statements of goodwill towards foreign company investment risk being undermined by a row over the reception given to the Dutch fertiliser group Unie van Kunstmestfabrieken (UKF).

A diplomatic tussle has begun between France and the Netherlands after an initial refusal by Paris to let the company, which is controlled by the Dutch state chemical concern DSM, go ahead with a planned FFr 400m ($67m) plant near Provins, south-east of the capital.

UKF already has a small factory on the site, which is the headquarters of its subsidiary UKF Christiaen Lacoester and which is in France's richest grain-producing belt.

The French authorities' request that it choose another site further from Paris is interpreted by the Dutch as a move to block the investment—the first such case since President Mitterrand took power last May.

The case, which evokes memories of past French obstacles to investments from other EEC countries, is bound to rekindle suspicions about the possible implications of the new industrial strategy following the nationalisation programme, and of the Government's declared intention to "reconquer the domestic market."

Officially, the French are still open to investment by UKF. The authorities acted on the advice of the Decentralisation Committee, a mixed body which vets projects in the Paris region to see if they could be transferred to other areas.

M Maurice Legrand, the committee chairman, said that it decided at its meeting a month ago to recommend that the project be moved. The committee discussed the extra problems that would be faced by UKF, which planned to supply ammonia for the plant by rail direct from Holland. It suggested an alternative project at La Pallice, near La Rochelle on the Atlantic coast, where UKF already has a depot.

The French authorities have not yet received a reply to this proposal, but it is thought that the additional transport cost would make it much less viable.

A representative of DATAR, the French regional development authority, said that UKF would face "no problems" if it built its factory anywhere else in France.

However, other Government officials admitted that they considered any settlement unlikely before plans for the reorganisation of the French chemical industry had been announced.

The Government has come under pressure from French producers, deeply worried by the advantage the Dutch company would have as a result of lower Dutch gas prices and therefore the lower cost of its basic raw material. Among French fertiliser producers, public sector interests play a predominant role, following the nationalisation of Rhône-Poulenc.

The state-owned chemical group CdF-Chimie controls another leading company, Azote et Produits Chimiques (APC), while the part-state CFP, the Total oil concern, has a one-third stake in the nitrate unit Compagnie Francaise de l'Azote (Cofaz).

UKF already had an investment project blocked under the Giscard administration, when it proposed to take over the private Gardinier group's holdings. These were brought in 1978 under the control of Generale des Engrais, in which Rhône-Poulenc subsequently became the sole shareholder.

In a statement on the nationalised industrial sector last week, the Industry Ministry said the state chemical companies should restructure their interests in order to "gain better control over their markets." It singled out fertilisers as one of the worst-hit sectors.

The UKF plan risks conflicting with another FFr 400m project by Rhône-Poulenc at Rouen in Normandy. Rhône-Poulenc said it intended to go ahead with the factory, in collaboration with APC and Cofaz.

The Dutch argue that France, with the biggest fertiliser market in Europe, has room for increased production, citing expectations of 7 per cent annual growth over the next few years. The French industry contests this figure and is anxious as to whether the market can absorb a second large-scale production project.

Charges of price-fixing in the French fertiliser market led to fines being imposed by the Government in December last year against all the main producers, with the sole exception of Air Liquide's fertiliser subsidiary, Société Chimique de la Grande-Paroisse.

In recent weeks the Government has renewed its pledges to maintain industrial competition and has gone out of its way to prove itself at least as receptive to foreign investment as its predecessor.

ASEA profits boosted by consolidation of Flakt

BY OUR NORDIC CORRESPONDENT

ASEA, the Swedish electrical engineering group, has posted a 1981 pre-tax profit of SKr 855m ($148m) on a SKr 19.4bn turnover after consolidating into its account the results from the last quarter of Svenska Fläkt.

Last October ASEA increased its holding in the industrial ventilation and air handling company from 28.7 to 50.4 per cent. Fläkt, which continues to operate as an independent company, ysterday reported a 41 per cent increase in earnings to SKr 215m ($37.4m) in 1981 on sales ahead by SKr 1.64bn to just under SKr 6bn.

Fläkt proposes to pay an unchanged dividend of SKr8 a share on capital enlarged by last year's rights and scrip issues. After adjusting for these issues, the proposed dividend represents an increase of SKr2.44 a share.

Reporting last month on its 1981 account excluding Fläkt, ASEA showed an increase in earnings from SKr 382m in 1980 to SKr 643m with turnover climbing from SKr 12.6bn to SKr 16.8bn.

Capital gains from the sale of shares in connection with its acquisition of a hydro-electric utility boosted ASEA's profit after extraordinary items to SKr 757m compared with SKr 121m.

The ASEA board recommended an increase of SKr 1 to SKr 8 a share in the dividend. It anticipated "a certain further improvement" in earnings this year for the whole group.

Fläkt's profit performance was better than forecast. This is attributed to substantial improvements in the contracting and marine subsidiaries as well as in the Gadellus marketing company which operates in the Far East.

SCA increases dividend despite lower income

BY WILLIAM DULLFORCE IN STOCKHOLM

SCA (Svenska Cellulosa), Scandinavia's and Western Europe's largest forest products group, reports a dip in pre-tax profit from SKr 688m to SKr 660m ($114m) in 1981. Sales climbed by SKr 745m to SKr 7.5bn.

The Board recommends a dividend of SKr 9 a share compared with the SKr 7.50 paid in 1980, making a total payment of SKr 111m against SKr 92m. Net adjusted earnings are shown as an unchanged SKr 28 a share.

Larger investment deductions were made last year, reducing taxes and thereby keeping the return per share unchanged in spite of the profit decline. The yield on total capital dropped from 14.1 to 13.3 per cent.

The profit after extraordinary items, which include an estimated SKr 61m currency loss from the devaluation of the Krona in September, fell from SKr 718m to SKr 596m.

Behind SCA's profit setback is a deterioration of SKr 81m in net financial items which can be attributed to the heavy investment programme under way. Cash and short-term assets declined by SKr 276m to SKr 1.1bn. Capital spending during the year amounted to as much as SKr 1.14bn.

Group operating profit after unchanged depreciation charges advanced from SKr 655m to SKr 708m. The forest, pulp and paper operations raised profits from SKr 380m to SKr 399m.

Only the packaging companies turned in a lower profit, sinking from SKr 41m to SKr 16m.

SCA expects both deliveries and prices will be relatively low in the first half of 1982. A recovery is considered to be "probable" in the second half.

Japanese suspend sales of zero coupon bonds

BY RICHARD C. HANSON IN TOKYO

PURCHASES of zero coupon Eurobonds by Japanese investors, who have been attracted to them largely as a tax shelter, bave come to an abrupt, though apparently temporary, halt at the request of the Ministry of Finance.

On Monday evening securities houses in Tokyo were asked to suspend sales of the bonds in Japan while the Ministry conducts an investigation partly aimed at ferreting out any abuses which may have arisen during the recent boo min sales.

The suspension may also reflect nervousness over the impact of continuing large capital outflows on the currently weak yen.

The unusually tough display of "official guidance" follows a stern warning over sales practices on zero coupon bonds early in February. The Ministry has also let it be known that waya of closing the tax loopbole afforded by such bonds are being studied. Zero coupon bonds produce capital gains, which are tax free for individual investors in Japan.

The Ministry has declined to announce the length of the ban on sales but has indicated privately a minimum of two weeks. When sales resume there are likely to be certain conditions attached, especially on the volume of sales to be allowed.

The Ministry is especially concerned over whether securities houses are adequately informing individual investors about the risks involved in buying zero coupon bonds, as well as whether the bonds are being pushed as a tax evasion strategy. There are rumours of abuses by some companies in selling the bonds,

Officials are also intent on simply "cooling down" the fast pace at which investors have flocked to zero coupons over the past few months. Last month, according to the Ministry, aales were two or three times the estimated $150m for January. Securities houses estimate the February total at as much as $800m to $900m.

The Ministry may well want to see a redaction in the overall holdings of such bonds from the current high levels.

Pressure to act on the sales appears to have come from various sources. On the one hand, the tax authorities are clearly worried in view of the "green card" system of controlling tax exempt interest income to be implemented from 1984. Investors have been scrambling to protect themselves from the new system, which is itself a controversial issue in the Diet (parliament).

However, the Ministry could be more worried by the capital outflows being generated by investment in the bonds at a time when concern over the yen's weakness is strong. Since the start of the year Japanese investment into foreign bonds has far exceeded the inflow of foreign investment.

Bell Group interim profit up by 64%

By Graeme Johnson in Sydney

BELL GROUP, the Western Australian company of Mr Robert Holmes à Court which is at the centre of the battle for control of Associated Communications Corporation of the UK, has reported a 64 per cent increase in interim net profits to A$5.14m (US$5.6m)

Sales for the six months ended December rose by 14 per cent to A$57.53m from A$50.41m. The interim dividend is maintained at 5 cents a share, on capital increased by a one-for-four scrip issue last November. Earnings per share were 24.6 cents against an adjusted 15.4 cents.

Mr Holmes à Court said the fast profit growth, achieved in the face of difficult economic conditions, should be maintained in the second half.

Net profit was after tax of A$118,000 (A$96,000 last year), depreciation of A$1.16m (A$1.43m), interest costs of A$3.07m (A$3.57m) and minorities of A$102,000 (A$69,000).

Mr Holmes à Court gave no indication of Bell's next move in the ACC battle following the British Court of Appeal ruling that its £36m offer was not binding on ACC's board. Heron Corporation of Britain is offering £49.4m.

Kirsh cuts bid on review of Greatermans accounts

BY CHRIS WILSON IN JOHANNESBURG

GREATERMANS, the major South African retailer, has lowered sharply its previously reported interim results, the deal by which Kirsh Industries is to gain effective control bas been renegotiated, and two senior directors who are major shareholders have resigned.

The moves follow Kirsh's examination of Greatermans accounts after it agreed in February to buy 49 per cent of Griffon Holdings which in turn owns 44.3 per cent of the retailers voting ordinary shares.

Griffon's two cootrolling shareholders, Mr Isaac Kaye and Mr Dusty Miller, agreed to sell the shares at R25 each when they were trading on the Johannesburg Stock Exchange at about R12.75.

Pretax profit from continuing operations for the six months ended December 26 has been cut to R6.52m ($6.7m) from the previously pnblisbed figure of R9.17m and R10.66m a year earlier.

Profit after tax is now R3.84m compared with R5.44m. Profit attributable to ordinary shareholders after the deduction of preference share dividends and extraordinary items is now R1.12m against R4.2m. The interim dividend has been cut to 15 cents a share from 35 cents.

Under the new deal Kirsh will pay R15 a share to buy half of Griffon's voting shares and offer the same price to outside shareholders. If Kirsh fails to win 50 per cent of the total shares, *Mr Kaye and Mr Miller* will sell additional shares to Kirsh to make up the number.

Mr Nathan Kirsb, chairman of Kirsh Industries, said the group's assets were underutilised. He expects the new management to improve on Greatermans performance.

Mr Kaye, who was executive chairman of Greatermans, and Mr Miller, have resigned from the board of the stores group. They were part of a consortium who paid just over R10m for Griffon Holdings in August, 1978. Griffon was sold by Greatermans then chairman, Mr Norman Herber.

At the time Greatermans had annual sales of R750m and gross assets of about R60m. In the half year ended last December turnover was R566.8m against R494.61m a year earlier.

The group owns the largest supermarket chain in the country, Checker, and a department store chain.

Liberty Life lifts earnings and payout

By Our Johannesburg Correspondent

SOUTH AFRICA's largest quoted life assurance company, Liberty Life Association of Africa, increased its surplus from assurance operations to R23.7m ($24.1m) in 1981 from R19m in 1980. Net premium income and annuity considerations rose to R259.9m from R212.9m. Total assets have increased to R1.71bn from R1.31bn and Mr Donald Gordon, the chairman, believes they will pass R2bn by September. The R1bn mark was reached in 1979.

Liberty says it emphasised purchases of short-term money market instruments last year to protect statutory investments from inflation. Long-term investments, represented by mortgages, debentures and loans, declined.

New business premium income increased by o record of R108.4m of which R56.7m was recurring annualised premium income and R51.7m single premiums and annuity considerations.

The dividend total is 144 cents against 120 cents from earnings per share of 198.3 cents compared with 165.1 cents.

Setback in results at Century Spinning

BY R. C. MURTHY IN BOMBAY

CENTURY SPINNING and Manufacturing Company, part of the Birla group, has reported a 12 per cent fall in pre-tax profits for the year ended December to Rs 254.7m ($27.4m) from Rs 280.8m, but the company has maintained the 1981 dividend at 20 per cent.

Century said that power shortages hit the manufacture of all its products, which range from textiles, heavy chemicals, rayon and tyre cord to cement.

The textiles division was also affected by increases in cotton prices ranging between 30 per cent and 50 per cent and poor demand.

Rayon and chemical production was hit by labour problems which reduced productivity and quality.

INTERNATIONAL APPOINTMENTS

Royal Bank of Canada opens Swiss office

● Mrs Suzanne B. Labarge, assistant general manager of Royal Bank of Canada, Montreal, and Mr Bernard Jacquet, former manager of the Banque Occidentale (Suisse), bave been appointed general managers of the newly-formed ROYAL BANK OF CANADA (SUISSE), Geneva.

● Mr Louis Nizer and Mr David H. Murdock have been elected directors of OCCIDENTAL PETROLEUM CORPN. Mr Nizer was elected to fill the vacancy created by the death on February 1 of Sir John Galway Foster, who had served as an Occidental director since 1976. Mr. Nizer is senior partner of the New York City law firm of Phillips, Nizer, Benjamin, Krim and Ballon. Mr Murdock is chairman of the board and chief executive officer, as well as the sole stockholder, of Pacific Holding Corporation.

● Mr Harold Rapaport, chairman and chief executive officer at Control Transaction Corporation, has been elected to the board of GENERAL INSTRUMENT CORPORATION. Mr Rapaport was chairman and chief executive of Digital Computer Controls, Inc. for two years until that firm was merged with Data General in 1977.

● Mr Peter Skelton has joined BANQUE ARABE ET INTERNATIONALE d'INVESTISSEMENT (BAII) in Paris. His responsibilities will include the strategic development of the bank, as well as corporate finance activities on behalf of clients. Mr Skelton was leader of the financial practice of Booz Allen and Hamilton in Europe.

● Mr Peter F. Smith has been named president of BT BANK OF CANADA, Toronto, the wholly-owned subsidiary of Bankers Trust Company, New York. Mr Smith was vice-president and general manager of Bankers Trust's Tokyo branch.

● *Mr Alfred Schindler, Dr Uli* Sigg, Mr Alfred Spoerri and Dr Hugo Waser have been appointed managers of SCHINDLER MANAGEMENT AG, of Ebikon, the central management company of the Swiss lift and escalators group Schindler Holding.

● Mr Dennis Ransdell has been appointed executive vice-president and chief operating officer of APPLETON AND COX, an affiliate of Swett and Crawford, in San Francisco. Both Appleton and Cox and Swett and Crawford are part of Foremark Corporation (formerly Swett and Crawford Group) which is a wholly-owned subsidiary of The Continental Corporation.

● The international banking division of PITTSBURGH NATIONAL BANK has made the following changes in its Paris branch: Mr L. Denis de Cazotte, vice-president, general manager of the Paris branch and European representative, has been promoted to manager, Europe, with beadquarters in Pittsburgh. Mr D. Willy Vogelsang, vice-president and assistant manager of the Paris branch, has been promoted to general manager of the Paris branch. He will be assisted by Mr S. E. Damerot, assistant vice-president. Joining the Paris branch will be Mr Constance Abrashoff Bentzen, international banking officer. Mr Bentzen was in the international banking division in Pittsburgh.

● Mr Peter Steger has been appointed a director of BANKERS TRUST AG, the wholly-owned Zurich subsidiary of Bankers Trust Company, New York. Mr Steger will be responsible for the management of the bank's international investment department. He replaces Mr A. Tappen Soper, who takes over from Mr Paul H. Barrett as general manager in Zurich. Mr Barrett has been transferred to a new appointment in London.

● Mr Pearson M. Spaght has been named vice-president of corporate strategy for RAYBESTOS-MANHATTAN, INC.

WORLD STOCK MARKETS

NEW YORK

Stock	Mar. 3	Mar. 2
Cincinnati Mil.	81⅞	22⅜
Citicorp	22⅞	96¾
Cities Service	25¾	27¼
City Invest	22⅝	22⅞
Clark Equipment	95⅜	25⅛
Cleve Cliffs Iron	29⅛	20¼
Coro X	11¾	11⅝
Cluett Peaby	14¾	15¼
Coca Cola	30⅜	30¼
Colgate Palm	15¾	18
Collins Aikman	11⅝	11⅜
Colt Inds	24⅛	25¼

Stock	Mar. 3	Mar. 2
Genuine Parts	34⅛	34¼
Georgia Pac.	17¼	17¼
Geosource	39½	34
Gerber Prod.	25⅞	26
Getty Oil	45¼	46⅛
Giddins Lewis	18¾	12
Gillette	34⅜	33⅞
Global Marine	13	14
Goodrich (BF)	19⅛	19⅛
Goodyear Tire	20	19¾
Gould	21⅛	21⅛
Grace	36	37⅛
Grainger (WW)	38⅛	32

Stock	Mar. 3	Mar. 2
McDonnell Doug	31½	[illegible]
McGraw Edison	32⅛	[illegible]
McGraw-Hill	49¼	[illegible]
McLean Trukg	13¾	[illegible]
Mead	20⅝	[illegible]
Media Genl	35⅞	[illegible]
Medtronic	38⅛	[illegible]
Mellon Natl	35⅛	36
Melville	44⅛	43⅞
Mercantile Sts	56½	57
Merck	73⅛	75½
Meredith	60⅞	60½
Merrill Lynch	29⅞	31¼

Stock	Mar. 3	Mar. 2
St. Regis Paper	27½	97⅝
Santa Fe Inds	14⅞	15⅝
Saul Invest	6⅛	6½
Saxon Induc.	4⅝	4¼
Schering Plough	27	26¾

Stock	Mar. 3	Mar. 2
Wrigley	51¼	33⅛
Wyly	8	8
Xerox	36⅞	37½
Yellow Frt Sys	13¼	13⅜
Zapata	12	12⅛
Zenith Radio	12⅝	12⅞

Fresh sharp early Wall St fall

A FURTHER sharp decline took place on Wall Street yesterday morning in another very large turnover as worry spread that the U.S. economy might not recover until late in the year.

The Dow Jones Industrial Average, which lost 10.66 on Wednesday, was 8.08 lower at 807.08 by 1 pm. The NYSE All Common Index weakened 63 cents to $63.51, while declines outscored gains by about three-to-one. Trading volume reached 52.91m shares, compared with the 50.67m registered at 1 pm the previous day.

The Business Round Table, comprised of top U.S. corporate executives, cautioned that unless interest rates decline, the economic recovery may be delayed until the fourth quarter of 1982.

RCA, which has halved the quarterly dividend, lost $¼ to $16⅞ on more than 575,000 shares, after falling $1 on Wednesday.

Data General dropped 8¾ to $34⅞. The mini-computer manufacturer expects sharply lower quarterly earnings. Other Technology shares down more than a point included **Digital Equipment**, off 3¾ to $77, **IBM** 1¼ to $58¾, **Control Data**, 1½ to $32⅞, **Honeywell**, 2½ to $73¼, **Prime Computer**, 1½ to $20⅝, **Texas Instruments**, 1⅝ to $79⅞, and **Datapoint**, 1¾ to $24⅞.

Some analysts said there is concern that other computer-type companies will suffer the same fate as Data General in the first quarter.

Other stocks suffering large declines included **Merck**, off ⅞ to $71⅞, **Pfizer** 2¼ to $51⅞, **Procter and Gamble** 1½ to $82¼, **Teledyne** 2¾ to $124⅞, **Texas Instruments** 1⅝ to $79⅞ and **Eastman Kodak** $1 to $68⅞.

Oil shares also pointed lower again. Weakness continued to reflect the prospect of further reductions in international oil prices, which ultimately will cut into the profits of major petroleum companies. Getty lost 1⅞ to $43⅞.

THE AMERICAN S.E. Market Value Index was 4.59 weaker at 255.62 at 1 pm. Volume 3.81m shares (4.45m).

Closing Prices for North America were not available for this edition.

Canada

Stocks continued to lose ground over a wide front in busy early dealings. The Toronto Composite Index shed 14.9 to 1,625.9 at noon, while Golds fell 92.0 to 2,168.7, Oil and Gas 48.5 to 2,594.9 and Metals and Minerals 25.7 to 1,563.4.

Tokyo

Export - orientated issues figured prominently in a renewed sharp slide on the Tokyo market yesterday, reversing Wednesday's strong rebound which had followed seven sessions of heavy falls.

The Nikkei-Dow Jones Average, having recovered 165 points the previous day of the seven-day drop of 449, retreated 119.60 to 7,354.82. The Tokyo SE index was 6.66 weaker at 547.66 and falls led rises on the First Market by 405 to 259. Trading was again active, with volume amounting to 480m shares (520m).

Basic bearish factors, such as U.S. examination of trade problems with Japan, reasserted themselves. Specifically, traders cited the news that Deputy U.S. Trade Representative David Macdonald expressed readiness to file an appeal based on the General Agreement on Tariffs and Trade (GATT) if Japan fails to open its markets to U.S. goods and services in the near future.

The sharp overnight fall on Wall Street and the gloomy prospects for the U.S. economy also had a particularly depressing influence on shares of Japanese exporting companies, which suffered sharp falls.

Matsushita Electrical lost Y70 to Y1,060, Sony Y100 to Y3,150, Victor Japan Y120 to Y2,380, Fuji Photo Y80 to Y1,250, Toyota Motor Y31 to Y948, Nippon Electric Y41 to Y754, Hitachi Y23 to Y625, Toshiba Y9 to Y338, Canon Y29 to Y848 and Olympus Y41 to Y900.

Germany

Bourse prices mainly returned to their recent firming trend, with dealers citing renewed foreign buying and hopes that the Bundesbank would soon cut interest rates. The Commerzbank put on 1.8 to 709.0.

BMW rose DM 3.50 to DM 217.50, Dresdner Bank DM 2.30 to DM 149.80 and Electricals concern Siemens DM 2.00 to DM 220.60.

Hong Kong

A fresh wave of nervous selling sent stock prices sharply lower yesterday. Bargain hunters appeared near the close to leave the market above the day's worst, although the Hang Seng index, which lost 35 points on Wednesday, ended 56.11 weaker at 1,140.58.

The index has now fallen about 19 per cent since the beginning of 1982 and is at its lowest level since last October 5, when the market plunged 120 points in response to a two percentage point increase in the local Prime Rate. Turnover on the four exchanges rose to HK$293.44m for the full-day session, against the Wednesday half-day trade of HK$144.23m.

Traders said further falls are expected this week in the face of persisting high U.S. interest rates and on uncertainty over the U.S. money supply figures, due out today.

Several brokers mentioned that another factor which may be causing some of the liquidation may be changes enacted recently in the banking laws. They *speculated that changes requiring* deposit-taking companies to reduce certain kinds of deposits has tightened liquidity at the institutions. As a result, they are said to be calling in some loans, and this is requiring their recipients to raise cash for repayment. One means of doing this to sell stocks. There was also some speculation that investors are moving funds into foreign currency deposits, which are no longer taxed as of last week.

Australia

The overnight sharp fall on Wall Street and dropping world Oil and Bullion prices caused markets to further weaken yesterday, especially Energy-related issues and Gold Miners.

The All Ordinaries index slipped 7.9 more to 472.7, setting a new 26-month low, while the Oil and Gas index lost 27.8 to 400.7 and Metals and Minerals 7.3 to 333.8.

Market leader **BHP** dipped 22 cents to A$7.74 and **CSR** 12 A$3.06. Both have substantial natural resource interests.

Santos, which has a 50 per cent interest in the Dullingari No. 22 well in South Australia's Cooper Basin, where a flow of 2,175 barrels of oil a day was reported yesterday, declined 30 cents to A$4.20. Among others with an interest in that block, **Vamgas** receded 60 cents to A$6.00 and **Claremont** 8 cents to 72 cents.

Among Gold issues, **Poseidon** fell 15 cents to A$1.25 and **Central Norseman** 25 cents to A$3.25.

Johannesburg

The market in general lost further ground, with the fall in Gold shares gathering momentum.

Several Gold stocks lost up to 10 per cent of their value. "It was a bloodbath before lunch," according to a dealer, but he added that prices picked up somewhat in the afternoon.

South African Lands lost 35 cents to R3.00 following a *30-cent* drop on Wednesday, while Elsburg was down 25 cents at R2.05, after touching R2.00 in the morning. The main cause of the drop in share prices was the slipping Bullion price, which fell to around $345 yesterday, a new two-and-a-half low. Operations at several mines are unprofitable at current gold price levels.

CANADA

Stock	Mar. 3	Mar. 2
AMCA Intl.	18⅞	19
Abitibi	12⅝	12½
Agnico Eagle	6⅛	6⅛
Alcan Alumin	24⅜	25
Algoma Steel	36	35¾
Asbestos	13½	13⅛

BELGIUM (continued)

Mar. 4	Price Frs.	+ or —
Petrofina	4,486	—20
Royale Belge	5,200	....
Soc. Gen. Banq.	8,600	....
Soc. Gen. Belge	1,460	—45
Sofina	3,410	—80
Solvay	2,170	....
Traction Elect.	2,470	—10

HOLLAND

Mar. 4	Price Fls.	+ or —
ACF Holding	77.8	....
Ahold	72.4	+4.4
AKZO	29.5	+0.2
ABN	279.0	+0.7
AMEV	82.5	....
AMRO	48.2	+0.6
Bredero Cert.	196	....

AUSTRALIA

Mar. 4	Price Aust. $	+ or —
ANZ Group	3.75	—0.07
Acrow Aust.	1.62	....
Ampol Pet.	1.30	—0.02
Assoc. Pulp Pap	1.55	....
Audimco	0.10	+0.01
Aust. Cons. Ind.	1.48	—0.01
Aust. Guarant	2.00	....

JAPAN (continued)

Mar. 4	Price Yen	+ or —
Kubota	336	....
Kumgaai	419	+25
Kyoto Ceramic	5,380	+40
Lion	388	—3
Maeda Cons.	595	—10
Makita	738	—1
Marubeni	304	+2
Marudai	590	—9

Indices

NEW YORK —DOW JONES

	Mar. 3	Mar. 2	Mar. 1	Feb. 26	Feb. 25	Feb. 24	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	815.16	826.82	826.38	824.39	825.82	828.77	1024.05 (27/4)	811.26 (22/2/82)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.03	57.82	57.56	57.37	57.38	57.61	65.78 (15/1/81)	54.98 (1/10)	—	—
Transport.	328.08	338.86	337.88	336.38	338.52	340.51	447.38 (16/4)	328.56 (3/3/82)	447.38 (16/4/81)	12.28 (8/7/32)
Utilities	108.21	108.57	107.76	107.25	106.95	108.54	117.81 (5/1/01)	101.28 (28/9)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	70,230	65,800	56,010	43,840	54,180	54,500	—	—	—	—

●Day's high 828.01, low 808.69.

Ind. div. yield %	Feb. 26	Feb. 19	Feb. 12	Year ago (approx
	6.76	6.74	6.66	6.66

STANDARD AND POORS

	Mar. 3	Mar. 2	Mar. 1	Feb. 26	Feb. 25	Feb. 24	1981-82 High	1981-82 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	122.78	124.90	125.55	125.61	125.74	126.08	157.02 (6/1/81)	122.78 (3/3/82)	160.98 (28/11/80)	3.52 (30/6/32)
Composite	110.92	112.68	113.31	113.11	113.21	116.47	138.12 (6/1/81)	110.92 (3/3/82)	140.52 (28/11/80)	4.402 (1/6/32)

	Feb. 24	Feb. 17	Feb. 10	Year ago (approx)
Ind. div. yield %	5.83	6.79	6.74	4.46
Ind. P/E Ratio	7.62	7.66	7.73	0.11
Long Gov. Bond yield	13.21	13.93	14.38	12.75

NY. S.E. ALL COMMON

Mar. 3	Mar. 2	Mar. 1	Feb. 26	1981-82 High	1981-82 Low
64.14	65.14	65.44	65.33	79.14 (6/1/81)	64.14 (3/3/82)

Rises and Falls	Mar. 3	Mar. 2	Mar. 1
Issues Traded	1,870	1,888	1,878
Rises	428	809	840
Falls	1,111	671	647
Unchanged	331	408	585
New Highs	25	38	26
New Lows	174	81	84

MONTREAL

	Mar. 3	Mar. 2	Mar. 1	Feb. 26	1981-82 High	1981-82 Low
Industrials	289.84	298.02	294.98	292.08	408.56 (27/5)	289.84 (3/3/82)
Combined	274.54	279.98	279.45	277.58	375.28 (15/6)	275.50 (16/2/82)
TORONTO Composite	1640.5	1677.8	1681.0	1671.3	2390.55 (15/7)	1640.5 (3/3/82)

	Mar. 4	Mar. 3	Mar. 2	Mar. 1	1981-82 High	1981-82 Low
AUSTRALIA All Ord. (1/1/80)	472.7	480.6	482.9	487.6	737.6 (6/4)	472.7 (4/3/82)
Metal & Minls. (1/1/80)	333.8	341.1	345.0	350.0	765.2 (7/1/81)	333.8 (4/3/82)
AUSTRIA Credit Aktien (2/1/62)	54.12	54.35	54.43	54.47	68.45 (6/1/81)	55.54 (15/10)
BELGIUM Belgian SE (31/12/63)	94.11	95.52	96.82	97.22	101.39 (25/2/82)	69.55 (16/9)
DENMARK Copenhagen SE (1/1/73)	123.24	126.77	124.91	125.56	125.22 (25/2/82)	85.09 (2/1/81)
FRANCE CAC General (29/12/61)	101.7	103.1	106.6	103.9	112.5 (17/5/81)	77.3 (16/6)
Ind Tendance (31/12/81)	117.5	113.6	120.5	120.6	124.0 (19/2/82)	97.7 (4/1/82)
GERMANY FAZ-Aktien (31/12/58)	233.26	230.99	232.75	230.54	245.47 (6/7)	215.88 (6/2/81)
Commerzbank (Dec 1953)	709.0	707.2	703.2	700.9	749.8 (3/7)	666.4 (16/2/81)
HOLLAND ANP-CBS General (1970)	87.8	87.7	87.4	86.8	98.0 (20/8)	79.8 (28/9)
ANP-CBS Indust (1970)	70.8	75.4	75.1	69.7	76.4 (22/8)	61.4 (22/12)
HONG KONG Hang Seng Bank (31/7/64)	1140.58	1196.69	1231.77	1237.81	1810.20 (17/7)	1115.77 (6/10)
ITALY Banca Comm Ital. (1972)	201.98	203.05	204.03	204.74	292.05 (5/6)	166.44 (24/7)
JAPAN** Dow Average (16/5/49)	7353.82	7474.42	7303.41	7327.44	8019.14 (17/8)	6956.52 (16/6/81)
Tokyo New SE (4/1/68)	547.66	554.32	545.97	547.91	603.92 (17/8)	495.73 (5/1/81)
NORWAY Oslo SE (1/1/72)	115.70	115.13	116.83	118.86	146.72 (6/8)	110.64 (5/6)
SINGAPORE Straits Times (1966)	708.70	725.57	726.79	751.43	973.28 (28/8)	705.70 (4/3/82)
SOUTH AFRICA Gold (1958)	(u)	459.1	478.1	474.6	787.6 (7/1/81)	459.1 (3/3/82)
Industrial (1958)	(u)	644.4	652.2	662.9	711.7 (6/1/82)	537.2 (8/2/81)
SPAIN Madrid SE (30/12/81)	104.65	105.24	105.39	(c)	107.45 (9/2/82)	99.17 (6/1/82)
SWEDEN Jacobson & P. (1/1/58)	620.65	616.14	618.40	610.85	680.51 (10/8)	404.17 (28/1/81)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	252.1	(u)	250.7	(u)	304.2 (2/4)	242.9 (17/11)
WORLD Capital Intl. (1/1/70)	—	133.2	134.1	134.3	162.8 (6/1/81)	133.2 (3/3/82)

(**) Sat. Feb 27: Japan Dow 7440.46. TSE 554.15.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
RCA	1,324,000	17	—1
Exxon	1,272,800	27⅞	— ½
Sears Roebuck	1,162,700	18⅜	+ ⅜
IBM	1,058,900	59⅞	—1⅞
Sedco	877,400	28⅞	—1⅞
K. Mart	854,800	18⅛	—
Mobil	807,700	21⅞	—1⅛
Tandy	806,600	29⅞	—1
Haliburton	764,800	35⅛	—2
Schlumberger	702,600	42⅞	—1⅛

FINANCIAL TIMES SURVEY

Friday March 5, 1982

Brewing Industry

As takeovers and mergers continue to slim the number of breweries in Europe and the U.S., public resistance comes in the form of loyalty to regional brands. Further worries for brewers are the continuing recession, the EEC's war on trade barriers and alcohol abuse

Dismay at falling sales

By Gareth Griffiths

HISTORIANS of the British brewing industry in the 1980s will probably identify three events in 1981 and 1982 as crucial indicators of the industry's strategy and development. These were the decision by Bass to pull out of brewing in Belgium, Greenall Whitley's entry into the travel business and thirdly a cutback in real investment with money spent concentrated in public house improvements rather than productive capacity.

These events took place against a background of falling sales. Brewing production in the UK during 1981 was 37.7m bulk barrels, a decrease of 1.9m bulk barrels and a 4.8 per cent drop from the 1980 figure. It was the second year of decline with a further fall of between 2 and 3 per cent forecast for 1982 with the possibility (or hope) of a slight recovery of 1 per cent in volume during 1983. Brewing production last year was 6m bulk barrels short of original estimates. Production is back at the same level as in 1973.

● Bass's decision last May to sell its 400,000 bulk barrel brewery at Meckelen, north of Brussels and some 200 tied outlets to Piedboeuf, the second largest Belgian brewery, signalled the end of a decade or more of hopes that British companies could directly take an ever rising share of a European beer market. Mr Derek Palmar, the shrewd chairman of Bass, the UK's most successful brewing company and the present chairman of the Brewers' Society, says his company would only now consider buying a large continental company rather than attempt to build up a direct presence.

"We had a jolly good run and that is important. Bass's domestic success makes it difficult to reach the sort of returns we expect." Allied Lyons and Grand Metropolitan have been disappointed at the returns their operations on the Continent have shown and Mr Allen Sheppard, chief executive of Grand Met's brewing division says "anything is possible" with Stern, its German subsidiary. Stern did not pay a dividend last year.

British brewers have found that the different continental management styles, government regulations and the innate conservatism of the beer market have proved enormous obstacles to their earlier hopes. Whitbread remains committed to a plan to raise some 30 per cent of its profits overseas by 1990 but there is a certain scepticism in the industry over such ambitions. In 1980 Whitbread made 8 per cent of profits overseas.

One less ambitious scheme of international involvement appears to be a trend towards joint marketing arrangements. Allied Lyons has an arrangement with Anheuser Busch, the largest U.S. brewer and Anheuser Busch has come to a similar deal with Oetker, a Munich-based company which is one of the largest German brewers. Watney Mann last year started producing Fosters lager under licence from Carlton and United, the Australian brewers and its sister company Truman imports lager from San Miguel one of the fastest growing Spanish brewers.

● Greenall Whitley's decision to buy Arrowsmith Group Sunshine Holidays, formerly part of Laker Airways, for £4m highlights the diversification that the brewers have undertaken into leisure. The brewers argue with justification that public houses are much more like leisure centres than drinking shops and therefore the move is a natural one. Bass has taken over Corals and its activities now break down into about 16 per cent leisure and 84 per cent brewing. The corporate strategy aims at an eventual 25/75 per cent breakdown. Grand Met has always maintained that it is a retailer in brewing rather than the reverse and Allied Lyons change of name last year from Allied Breweries emphasises that it is a food as well as a drink company.

Only the regional and independent brewers, secure on their bedrock of lower prices, loyal consumers and lower overheads, remain completely dependent on brewing.

● The emphasis on public houses rather than capacity.

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Since the last Financial Times brewing survey, Allied Lyons has closed its Ansells brewery in Birmingham with a reduction of some 1m bulk barrels, Courage has withdrawn 650,000 bulk barrels by closing its Southwark, London brewery, Scottish and Newcastle cut production capacity by some 900,000 bulk barrels at Edinburgh and Whitbread has reduced operations at it Luton brewery and cut out several smaller breweries. The industry has capacity to produce about 55m bulk barrels and works at around two-thirds capacity. But technical improvements in high gravity brewing could boost overall capacity use considerably. Around 15 per cent of beer is brewed in this way.

Mr Palmar, as chairman of the Brewers' Society, in his annual state-of-the-industry assessment last month said that the industry planned to spend £1.37bn in the next three years with some £966m on retailing. Production and distribution investment is being cut in real terms but spending on renovating public houses is going up. Brewers get a very good return on money spent on public house improvements although overall the industry remains concerned about the return on capital employed.

This was the second year in which the industry investment forecasts have been revised downwards, although Mr Palmar in his private capacity as chairman of Bass is more optimistic than the industry as a whole Bass is assuming a revival of 2 per cent growth rates in the latter part of the decade.

The industry also appears to have won the major part of its case with the European Commission over exemption for the tied house system under the competition rules of the EEC. The Commission has agreed to exempt draught beer and this accounts for 80 per cent of all sales. The brewers now hope to win a similar exemption for packaged beers.

In common with other beer markets, there is little import penetration in the UK with beer imports excluding Guinness amounting to 1.2 per cent of the total market.

But the industry's confidence remains shaken by the volume falls over the past two years in sales. It exposed the myth that beer was recession proof. During the previous similar fall in manufacturing output in the UK between 1928 and 1933 beer production fell from 25.44m to 17.95m bulk barrels, a fall only halted by a cut in excise duty. Even a glorious summer would add only between 1 and 2 per cent to total demand. British brewers now rely on the upturn in disposable income as the only significant cause for an upturn in beer demand.

Across the Channel continental brewers are similarly depressed. Even West Germany, Europe's largest beer market, is facing problems. The 1,300-odd brewers have a virtual domestic monopoly but consumption has remained static for the past six years with fierce competition prevailing. Some 40 German brewers a year have gone out of business since the early 1970s and the market shows all the signs of saturation.

The German industry is under attack from the EEC and particularly the French Government over the German purity law, the Reinheitsgebot. This effectively prohibits the import of foreign beers and while a recent European court ruling appears to make this illegal as a non-tariff barrier, the matter has not yet been tested and health inspectors pounce on imported beer as unsafe.

German beer drinkers are very conservative in their tastes with local beers accounting for the bulk of consumption. Many local brews such as the delicately smoked Rauchbier from Hamburg or Kosch from Cologne are virtually unknown outside their area. But even this local loyalty is unlikely to preserve the present numbers of brewers. Rolans Berger, the Munich brewing analysts, predicts that a quarter of German brewers could disappear by the 1990s.

This conservatism is widespread across the world. In the UK there has been a move back to regional brands and it is national brands such as Allied Lyons' Double Diamond and Bass's Worthington E that have suffered proportionately greater losses.

A dire warning to brewers who believed that public taste could be totally manipulated has been proved by Schlitz, the third largest United States brewery which has a U.S. market share of some 7.9 per cent and produces 14m barrels In 1976 Schlitz changed its brand portfolio and dropped traditional brands. Now it is desperately trying to win back lost drinkers with beer testing commercials on television and a restoration of the former brands.

The two most successful U.S. brewers, Anheuser Busch (28 per cent market share) and the Miller brewing company (22 per cent), control half the market between them and have switched to a much more regional approach. The U.S. market, at 227,757,000 hectolitres, is nearly four times the size of the UK and is still growing at some 3 per cent a year in volume.

Six brewers, Coors, Heilemen, Schlitz, Pabst, Stroh and Olympia, make up most of the rest of the U.S. industry. But the number of U.S. brewers is being sharply reduced and now stands at around 40. However, one possible cause for concern has been the move by Anheuser Busch to try to break into the European market. Anheuser, is concerned that the growth in the U.S. market could be petering out and wants to become more international. The British brewers' experience suggests this is easier said than done.

Only one national brewing industry appears to have bucked the trend—Denmark—which exports some 17 per cent of its production. Apart from United Breweries—Tuborg and Carlsberg—other Danish brewers are small but even companies such as Faxe put a major effort into successfully winning export orders. But a large part of that success is due to the fact that 97 per cent of Danish beer is bottled and the country has built up a reputation for quality over a long period, a luxury not permitted to most companies in the beer market of the 1980s.

Lessons for the UK big six

A RATHER crude division of the British hrewing industry would place the Bix Six—Allied Lynns, Bass, Courage, Grand Metropolitan, Scottish and Newcastle and Whitbread on one side and the seven regional companies and 65 established local companies on the other with Guioness occupying a special place of its own.

The twn sides have strikingly different features but the most interesting development in the past year has been the way in which the Big Six have moved towards adopting some of the tactics and methods of their smaller counterparts.

The difference in size is staggering. Bass, the largest British brewer with between 20 per cent and 21 per cent of the UK beer market had a turnover of £1.7bn last year compared tn £11.6m for Mnrland, a small successful Oxfordshire brewery. The large brewers control less than 75 per cent of UK beer sales but they spend proportionately more on research, advertising, public bouse modernisation and have much larger capital equipment budgets.

But the hectic mergers of the 1960s and early 1970s bave given way to a period when the large brewers are looking to the smaller regional companies for inspiratinn in marketing and organisation. Reginnal names for beers and local pricing arrangements are the nrder of the day at the large brewery companies.

Allied Lyons has revived some of its constitueot companies' discarded beers and now has a brand portfolio of about 50 beers. Allied Lyons' change of policy is significant because it values "bigness" more than any of the other majors. It still rankles among some senior executives that the company is the second largest brewer with little chance of catching Bass.

There are four reasons for this change in attitudes within the brewing industry.

● The beer market both in the UK and overseas is a conservative one except for lager (dealt with later in this article). The conveotional wisdom in the late 1960s was that Britain had too many brands and these were duly reduced. However, consumers reacted strongly against such moves and in recent years it is natinnally distributed brands such as Allied's Double Diamond that bave horne disproportionate falls in volume sales.

Smaller brewers sell beer more cheaply. A pint of Extra or Tinners Ale from the St Austell Brewery costs 53p while a nationally produced brand in London costs about 10p more.

This price advantage bas belped smaller brewers to maintain their sales. Shepherd Neame, the Kent brewer, has seen its sales in the past year plateau out after several years when sales expanded by 10 per cent a year. Fuller Smith and Turner, a West London brewer saw a drop of 3 per cent in sales in the autumn. By contrast, volume production in 1981 fell 3.8 per cent compared tn 1980, in which year production fell 4.8 per cent on the peak year of 1979. British beer production fell from 41,700,977 bulk barrels in the year ending March 31 1980 to 37.7m bulk barrels in 1981. Further falls of between 2 and 3 per cent this year are expected, with the bope of a 1 per cent pick-up in 1983.

● The increasing importance of marketing executives nr those with a non-productinn bias. The industry bas become keen nn promotional activities apart from price cutting. Courage, part of the Imperial Group, led tbe way last summer and has boosted its share nf the beer market. The scheme certainly paid dividends for Mr Geoffrey Kent, whose record at Courage as chairman so impressed his fellow Imperial directors they made him cbairman of the whole group.

Whitbread, which depends more on brewiog than the other large brewers, launched a £100,000 pools jackpot and a £2.5m casb darts competition last month in its north west region to boost custom. Whitbread, while reintroducing old brewery names fnr beers, has also been clnsing old hreweries.

● The rise in transport and energy costs. These now represent a large part of the price of a pint. The big brewers opted for large scale dual usage capacity that could prodnce lager and ordinary beer at a time when energy costs were much less than at present, and when corpnrate planners believed the future lay with national beer brands.

Mr Colin Mitchell, the brewing analyst with stockbrokers Buckmaster and Moore—widely regarded as the UK's most perceptive observer of the brewing industry—sees the majors opting for breweries with a maximum nf 750,000 bulk barrels. He thinks that during the next 20 years the industry will see a doubling of the number of separate breweries.

Large breweries snch as Courage's plant at Reading have distribution areas over much of the country and thus distribution can be expensive and subject tn delay. The smaller brewers generally keep close to home with distribution radii of up to 30 miles. Managements are careful not to overextend distribution. Fuller Smith and Turner in West London is looking to the Thames Valley for expansion because of good connections as opposed to moving into central London with its congestion and distribution delays.

● The big brewers bave seen that the smaller brewers are proportionately more profitable. Profits of the Bix Six and Guinness, as a return on capital last year were on a weighted average 7.9 per cent on estimated values. The smaller brewers did much better, Ruddles had a return last year of more than 30 per cent. In 1980, Wolverhampton and Dudley had a return of 21.4 per cent and Mansfield 17.4 per cent while Bass, the leading UK brewer, had a return of 11.6 per cent.

A report by stockbrokers' Hitchens Harrision last year found that during the 1970s the profits achieved by the smaller breweries were proportionately almost twice the levels achieved by the major companies.

These four trends take place against a period of doubt in the industry as to what constitutes beer demand. Effective demand is a combination of price, income and employment but nobody in the industry is sure of the exact relationship between the three. Mr Mitchell opts, on balance, for rising "hard core" unemployment as the key factor behind the fall in beer sales. But Mr Philip Shaw of stockbrokers Messel, one of his main "rivals," points out that the beer market fall has not been as regionalised as might have been expected from the unemployment figures.

ALLIED LYONS

Beer prices have risen well ahead of the Retail Price Index. The brewers decided early in the recession that it was more important to maintain margins than volume. Last year the priee of an average pint rose by 26 per cent—2.5 times the rise in the RPI. But for higher duty rates and the related Value Added Tax element the average price increase was nearer 14 per cent. A less aggressive pricing policy is likely this year and beer price increases, normally announced in the autumn, are staged across several months.

In the hard pressed West Midlands, Bass's Mitchell and Butlers subsidiary has held its prices steady since the 1981 Budget in an attempt to maintain the increased market share it took from Allied Lyons during the Ansells dispute last year. Bass, financially one of the most tightly controlled companies is indicative of the way the majors allow pricing decisions to be made within the context of local markets.

Beer drinkers do not appear to bave traded down tn cheaper drinks to any major extent, although sales figures emerging suggest that best bitter has suffered quite dramatic drops in sales during 1981 and that mild has staged a modest comeback after 10 years of decline.

The take-home trade suffered just as severely as the on-trade and the total dranght percentage rose to around 80 per cent of total sales. Bottled beer sales were down by about 1 per cent, tn about 10 per cent of total sales, with no change in cans. The take-home market in 1981 was about 12 per cent of the total.

The trends for 1981 suggest that lager growth bas slowed proportionately, that there has been a switcb from premium bitter, a small boost tn draught mild—mainly ln the Midlands—and a further fall in stout, whicb is bad news for Guinness.

The strong growth rate of lager sales bas slackened, althougb brewers still believe it will reacb 40 per cent of the total market by 1990. The majors are stronger in lager, with 40 per cent of Bass output as lager. Most of the smaller companies sell about 20 per cent of their output in the form of lager.

Britain bas about 120 lagers on sale and there bas been a growth towards regional lagers such as *Cameron's Hansa* in Hartlepool and John Young's London lager. It looks likely that major brewers, faced with surplus capacity and the massive purchasing power of the supermarket chains, will continue to engage in price cutting exercises. This is in sharp contrast to their general policy for the on-trade.

Gareth Griffiths

BEER EXPORTS

(000) hectolitres

	1977	1978	1979	1980
Austria	255	281	233	246
Belgium and Luxembourg	2,073	2,236	2,462	2,550
Denmark	1,840	1,587	1,488	1,292
Finland	7	7	4	29
France	586	607	611	616
Germany	3,337	2,643	2,816	2,925
Ireland	1,858	1,926	1,954	1,865
Netherlands	2,526	3,155	3,813	3,814
Norway	161	57	51	43
Portugal	33	81	46	—*
Spain	22	27	35	64
Sweden	76	5	4	24
Switzerland	19	18	19	—*
U.K.	865	803	783	750

* Not available.

Source: Brewers' Society

PACKAGING

(Percentage)

	Draught	Bottled	Canned
Austria	28.8	71.2	
Belgium	43.0	56.0	1.0
Denmark	1.0	97.1	1.9
Finland	14.1	80.6	5.3
France	20.9	78.3	0.8
W. Germany	29.9	70.1	
Ireland	88.6	11.4	
Italy	—†	—†	
Netherlands	26.3	73.7	
Norway	18.1	81.9	
Portugal	13.8*	86.2*	
Sweden	6.9	43.2	49.9
Switzerland	28.9	70.9	8.0
UK	78.8	10.9	10.3

* 1979.
† Not available.

Pubs and clubs marketing war grows fiercer

THE CONTINUING decline in beer sales over the past year has helped create the climate for a fierce marketing war between pubs, clubs, and supermarkets to attract an increasing share of the dwindling market.

All the signs are that the competition between the various outlets for beer will intensify in the coming months, especially if the recession and another poor summer — in terms of the weather — continue to depress beer sales.

The key questions are whether the trend to supermarket sales of recent years will continue, and whether the beer boom in clubs has bottomed out.

But at the heart of the beer market remains the question of the long-term future of the British public house, the place where the majority of beer is still drunk. The pub's problems have been similar to those of all small retail outlets in the UK over the past decade — rising labour and energy costs as well as rising rates and rents.

Stockbrokers Phillips and Drew estimate that for most pubs the year-on-year increase in turnover in the last quarter of 1981 was only around 10 per cent in spite of the fact that during this period beer price inflation was still at 18 per cent.

"Sales of higher priced beers bave also done badly, and the sales mix seems to have changed in such a way as to reduce gross margins so that gross profits have probably increased more slowly than turnover," say the brokers.

In part, the brewers are to blame for the pub's problems, by hiking the price higher than for other outlets. But, as one brewer has commented: "To regard the public house now as the industry's milch cow has been a grave error of judgment."

The pub trade remains of vital importance to the major brewers since the wholesale profit margins on sales to their tied houses are better than those on sales to the free trade or any other outlet.

Not surprisingly, the brewers are turning their investment attention towards refurbishing and rebuilding pubs to make them more attractive places. Some 70 per cent of the £1.37bn capital expenditure planned by the industry over the next three years will be directed at the retail part of the trade.

Other attempts have been made to woo back beer drinkers. Last year Courage bad considerable success with its special "Jackpot" competition. Phillips and Drew say that the most interesting of the other schemes used is that employed by Whitbread East Pennines where each customer is given a free five line entry in Zetter's Treble Chance, as well as the chance to win an instant prize.

Pub-goers still agree with *the industry's claim* that the British public bouse is primarily a social institution rather than a drinking shop. Some 52 per cent of the survey said the main reason for visiting a pub was to meet friends, while the second most popular reason for going was that one could meet other people there. The landlord provided a reason for visiting a pub for 16 per cent of patrons.

Apart from the problems of attracting drinkers back into pubs, the brewers face suggestions from the EEC that the tied-house system—where certain outlets are exclusively supplied by a brewer—might be considered anti-competitive and therefore abandoned under EEC competition laws. The threat, as with many EEC ideas, remains vague—but it is worth remembering that the last Labour Government forced the brewers to undertake the major *pub-swap* programme to increase competition in certain areas of the country.

The future for the pub also rests largely on what is happening to the licensed drinking club trade. Over the past decade the numbers of these clubs have risen quite sharply as a result of more liberal licensing bours and cheaper beer.

As the clubs bave grown in popularity, so the brewers have been increasingly anxious to secure their trade and have offered them cheap loans in return fnr the clubs agreeing to take a certain amount of their beer. Such lnans, however, have often acted as an unofficial subsidy for the clubs—thus enabling them to undercut pub beer prices. Stockbrokers Buckmaster and Moore have suggested that this subsidy is worth about 2.65p per pint, although commenting: "It remains our belief that the practice of making loans is in no way unfair, anti-competitive, unethical or in any nther way wrong."

There are indications from within the trade, however, that the boom in drinking clubs may have been more affected by the recession than pubs themselves, since most clubs are situated in areas of high unemployment.

Apart from the growth of beer sales thrnugb clubs, the beer market has been altered significantly over the past decade by the willingness of supermarkets to sell beer. A market survey last month, published by Kraushar and Eassie, fnund that nearly two-thirds of trade buyers saw great growth potential in all types of alcoholic drinks. But most responders to the survey felt there could be some rationalisation in the numbers of different beers sold.

Buckmaster and Moore suggest that competition in the take-home trade between supermarkets and off-licences "is now of such an intensity that unless change takes place the number of off-licensed retail outlets could gradually fall—and with a reduced choice of outlets a less competitive state of affairs might exist."

In the *short* term it is the beer drinker who wins by such competition—but in the longer term the drinker probably suffers through reduced choice and higher prices.

David Churchill

Erosion of local loyalties and EEC attitudes to an ancient decree are shaking German complacency. **James Buchan** reports

Worries reduce the froth on German beer

WEST GERMANS drink more beer per person than any other nation and more than 99 per cent of that is pure chemical-free and, above all, German beer.

Beer brewed in the Federal Republic last year was up 1.5 per cent to 93.7m hectolitres, almost half of the total production in the U.S. and well ahead of any other beer-brewing country except the Soviet Union and the U.S. The Federal Republic is also the largest exporter of beer after the surprising Dutch.

This sounds a pleasant state of affairs, enough to gladden the hearts of the countries

1,300-odd brewers, a formidable and diverse body and about half the worlds complement. Instead, they are little short of despondent.

The West German citizen has stuck obstinately to his regimen of about a pint a day. Consumption per head, or per belly, has stood still at about 145 hectolitres per year since the magic level of 150 hectolitres was breached in the hot summer of 1976. The equivalent figure for the UK in 1980 was 117 hectolitres: but German consumption has only been maintained at the cost of extensive advertising and of fierce competition which has driven some 40 breweries out of business every year since 1970.

Many people in the industry believe that the market is saturated with annual growth expected to be well under half a percentage point up to 1985. Meanwhile, sales of mineral water, fruit juice and even of West German champagne rise by leaps and bounds.

A new threat now looms over the cosy control of the home market. There is a strong feeling in Brussels that the so-called Reinheitsgebot, a 16th century Bavarian decree that regulates the purity of beer in Germany, is a non-tariff barrier in contravention of Article 60 of the European Community Treaty. The case is likely to go to the European Court and, if the ruling goes against such national regulations, the West German market will be wide open to the Dutch, the British and the Danes.

Tha brewers paint an awesoma picture of gallons of foreign chemicals, probably poisonous, indubitably unpleasant, being forced on the thirsty citizen. The brewers are worried.

The German beer industry, although it generated sales of over DM 12bn (£2.73bn) in 1980, retains a strongly local character and has never *produced a giant to compare* with the British majors. The most popular beer, Koenig's Pilsener, accounts for only 2.5 per cent of the market while even the largest concern, Dortmunder Union Schultheiss, commands no more than 15 per cent of the market for its products.

The average West German brewery produces only 67,000 hl against the UK equivalent of 450,000 hl: but this statistic disguises a deep rift in the West German industry. Just under 50 breweries, which can each muster production of over 500,000 hl a year, take half the market: at the other end of the scale, around 1,000 companies, most of them scattered through the towns and hamlets of Bavaria accounted for just 8 per cent of the market.

Traditionally, Germans have tended to drown their economic worries in beer. In 1923, the time of the great inflation, beer *consumption rose by* 5m hectolitres: 1929 and 1930, the years of the crash, saw 6m hectolitres more drunk. What has happened *this time?*

The German Brewers Association in Bonn reels off a host of reasons. Undoubtedly the weather, and particularly a series of dim summers since the halcyon days of 1975 and 1976, have played a part. The West German passion for taking holidays abroad has also meant that they spend their money on Greek or Spanish beer and have less to spend on the German product when they get home.

More worrying are the changes in German attitudes to beer. Germans have been as greatly impressed by the U.S. fashion for health as the rest of Western Europe: while consumption of beer grew by only a fraction in the 1970s in West Germany, that of soft drinks and mineral water all but doubled to 127 litres per person.

At the same time, if beer is associated with pot bellies and bad tennis, *it is also seen as* the working man's drink and has suffered accordingly as German living standards have climbed. Wine and Sekt, the German domestic champagne, have profited at the expense of beer: consumption has almost quadrupled since the 1970s to more than 4 litres per person per year.

The brewers have attempted to combat the slump by major investment in advertising, particularly directed at women, and by keeping beer prices down. But the long term outlook is scarcely encouraging. West Germany's birth rate is static at about 0.3 per cent a year and is among the lowest in the world. As a result the average age is moving up and is expected to have a serious effect on beer consumption after 1985. The general prognosis for the late 1980s is sharper competition, a growing dependence on exports and heavy pressure on the smaller breweries.

Watney Mann, the British brewer that in 1973 bought into Stern, one of the largest in Germany, made clear at the time that heavy rationalisation on the British pattern was inevitable for the German industry. Yet this has so far been slow to happen. Despite share buying sprees by Reemsma, the cigarette concern, and the food chain Oetker, there has been no major merger since the creation of Dortmunder Union Schultheiss in the early 1970s.

In Munich, the second German beer city after Dortmund, Her Josef Schoerghuber, a local property magnate, has gained control of half the city's beer output of 4.6m hectolitre. He announced earlier this year that he was combining production at big two breweries, Hacker-Pschorr and Paulaner Salvator Thomasbrau: but talks of a merger were emphatically denied.

Part of the reason is the intense conservatism of German beer drinkers and their loyalty to local brews. In Cologne, for example, they drink a pale, light brew called Koelsch and would look askance at Loewenbrau. But this local loyalty is expected to come under increasing pressure and at least one authority, the Munich Consultancy Roland Berger and Partner, believes that as many as a quarter of today's breweries will no longer exist in the 1990s.

It is also clear that only the larger concerns will be able to compete in the export market, now dominated by three brewers of which Loewenbrau is the best-known in Britain. Since 1970, exports of German beer have doubled to over 3m hl last year, with the UK taking the lion's share of over 625,000 hl.

It is not surprising that the threat from Brussels is creating alarm not only among the brewers but also to such men as Herr Josef Strauss, the Bavarian Prime Minister and Herr Josef Ertl, the Agriculture Minister. Until now, many foreign brewers have been deterred from tackling the German market because Duke Wilhelm IV's stipulation that beer should only contain water, barley, hops and yeast would require them to brew specially, and expensively, for Germany.

Nobody is suggesting that the Bavarian will change from white beer to Guinness overnight. But the debate over the threat to the Reinheitsgebot is just one more headache for a troubled industry.

10 LARGEST GERMAN BREWERIES IN 1981

	Turnover DM(m)	% share of total turnover
1) Dortmunder Union-Schultheiss Brauerei, Berlin and Dortmund	604.3	4.8
2) Binding Brauerei, Frankfurt	345.8	2.8
3) Dortmunder Actien-Brauerei, Dortmund	310.9	2.5
4) Holstein Brauerei, Hamburg	299.5	2.4
5) Wickueler-Kuepper-Brauerei, Wuppertal	273.2	2.2
6) Henninger Braeu, Frankfurt	240.6	1.9
7) Bavaria St. Pauli Brauerei, Hamburg	228.2	1.8
8) Haake-Beck Brauerei, Bremen	205.3	1.6
9) Paulaner-Salvatör-Thomasbraeu, Muenchen	178.4	1.4
10) Lowenbraeu, Muenchen	166.4	1.3

Denmark keeps its international lead

DANISH BREWERS have *achieved* a phenomenal *expansion* of their foreign sales over the past dozen years or so, and today more Danish beer is *drunk* abroad *than is drunk* in Denmark. The two best-known brands Carlsberg and Tuborg, claim to be among a select group of *three or four* brands which are available in virtually every country in which beer is sold and thus can justly call themselves international beers.

The international success story, however, is not a new feature of Danish brewing. The Danes have been exporting beer for over a century and without the solid achievements of the earlier years there would have been no basis for the latterday expansion.

Carlsberg was the first brewery to go into the export business, starting in 1869 because one of its founders was a traveller who thought that other people should have a chance to enjoy his beers. As he had family connections with Scotland, Britain was the first market he tried, and with such success that until after the Second World War Carlsberg and lager were synonymous in the UK.

Tuborg's brewery in Copenhagen was built on a harbour site in the 1890s as an export brewery, although as it turned out the brewery exported little and instead became the chief *domestic competitor* of Carlsberg. Since 1970 these two breweries have been merged into the United Breweries. They *account for* about 80 per cent of the Danish market but still maintain their own brands and have separate and severely competitive sales organisations.

There was a steady growth of exports through to the 1960s, but overseas sales took off in the 1970s when the breweries made important new policy departures. The changes came about partly because of the problems of exporting large quantities of bottled beer and were speeded up by the first oil shock, which sent the costs of transport through the ceiling.

The breweries decided firstly to allow breweries abroad to brew Carlsberg and Tuborg beers on licence and secondly they decided to establish breweries abroad, either on their own or as joint ventures. This latter departure came about almost accidentally as a result of applications from Turkish interests to Tuborg asking them to consider building a brewery in Turkey and *from* Malawi to Carlsberg.

The results of the new approach show up dramatically in the figures for United Breweries' sales. In 1970 the breweries were still selling only about half as much beer abroad as in Denmark with a total *sales* of 7m hectolitres. Only 1 per cent of the sales abroad was brewed on licence, 15 per cent in own breweries and the *other* 84 per cent was exported from Denmark.

By 1980-81, total sales had increased to 12.6m hectolitres. *Domestic* sales increased over the decade from 4.7m hectolitres to 5.0m, while sales abroad soared from 2.6m to 7.5m hectolitres. *Of the latter figure,* only 14 per cent was exported, 54 per cent was from own breweries and 32 per cent was brewed on licence.

There are now Carlsberg breweries in the UK, Hong Kong (opened last year), Malaysia and Malawi, and a Tuborg brewery at Izmir in Turkey. Carlsberg is brewed on licence in 11 countries and Tuborg in nine (with some overlaps).

The breweries are hoping that they can achieve a similar rate of expansion in sales abroad in the 1980s, although it may not be easy to emulate the great leap forward of the 1970s given the harsh investment climate now prevailing.

Carlsberg believes that in Europe in particular growth in beer consumption will be flat at least until the present *recession* is over and even then will remain moderate for the foreseeable future. In the UK, the *group points out,* demand is contracting.

The management believes that the potential for expansion is good because an international beer with a world-wide reputation generates a snowball effect, creating new demand as it rolls. At its simplest the concept is expressed in the traveller who meets the beer abroad and wants to be able to continue to buy it when he gets back home. As Mr Per Gren, senior vice president, said: "The main expansion will probably be in the developing countries, but as we are selling a premium product we believe there is still a big potential in the industrialised countries as well."

At present, Carlsberg has no firm plans to invest further overseas beyond work already going ahead to double capacity in Malaysia and Turkey. The group remains open, however, to approaches for brewery development in the Third World. In *Denmark* the main investment is in renewing bottling lines in Copenhagen.

The high quality of Danish beers and the advances in brewing technology which have been made by Danish brewers are in no small part due to work done at the Carlsberg research centre, at which no fewer than five Nobel Prize winners have worked. The marriage of research, development and commercial brewing has produced many important advances for the industry over the past century.

Among the most important recent innovations developed by United Breweries were the computer control system and near-silent bottle lines introduced at the Fredericia, Jutland, brewery, which opened in 1979. This generated great international interest. The experience gained at Fredericia is now being incorporated into plans for a major modernisation and rebuilding of the Carlsberg brewery in central Copenhagen.

The expansion abroad and, in particular, the developments at the Fredericia Brewery led to the establishment in 1979 of a new offshoot, Danbrew Consult Ltd., which is in the business of selling Carlsberg know-how abroad, including competitors. In the past two years the subsidiary has carried out some 60 projects in 14 countries and on sales of DKR 18.9m (£1.31m) in 1980-81 it made a net profit of DKR 3.1m.

Danbrew recently announced a contract to modernise Canton Brewery in China, the first Western brewery to obtain such a contract since the cultural revolution. Danbrew hopes that this will lead to further orders *and sees* a considerable earnings potential in the Chinese market. Danbrew also hopes to sign its first major turnkey *project, for a* brewery in Nigeria, this year.

United Breweries account for 80 per cent of the domestic market, but they are not the only brewers. Faxe, Zealand, and Jyske Bryggerier Jutland, are the main competitors, and Jyske's subsidiary Cerekim is another successful purveyor of Danish brewing technology to the rest of the world, with a lengthy list of references for modernisation and expansion projects for breweries abroad.

Hilary Barnes

Slowdown in the energy race

MARATHON RUNNERS are said to reach a point when they smash into an invisible exhaustion barrier. The ones who penetrate it can then go oo to win.

The brewing industry, one of the fastest starters in the race to cut energy usage, appears to have run into a similar kind of barrier which it needs to overcome if it is to stay out in front. Otherwise, it will be overtaken by smaller competitors, such as the malting industry.

Britain's brewers got off to a spectacular start six years ago when they set themselves a voluntary target to cut energy usage by 10 per cent by the end of 1982. They drew more applause when they quickly doubled their voluotary target within the same distance.

With the first two months of 1982 behind them, however, it is clear that the revised 20 per cent target will not be achieved on time. The latest estimates suggest that the iodustry will do well to save 13 per cent of its annual consumption of 26.5m gigajoules of primary energy—equivalent to 1m tonnes of coal.

The difficulties are understandable. Lower production automatically lowers energy efficiency. Public houses, too, cannot match lower sales by turning down the heating or lighting—that would only drive the rest of their customers away.

The recessioo bas also cut into investment in energy saving equipment and manpower. Projects have either been frozeo or abandoned. Aod in some groups energy managemeot personnel have not been spared from the wave of redundancies.

Setting an example

These are retrograde moves when it is remembered that the Government's 1979 energy audit of brewing said that the industry could save up to a third of its energy by a combination of better housekeeping, eqnlpment and new technology.

The Government's Energy Technology Support Unit (ETSU) recently pointed out that while the brewing industry has set an example by its number of voluntary schemes, it bas so far installed only one new technology project under the Energy Savings Demonstration Projects. Under the scheme, the Government offers grants of up to 25 per cent of capital cost and ETSU monitors the project free of charge.

The brewing industry's sole demonstration scheme is the heat recovery system of a keg washing line at Scottish and Newcastle's Holyrood Brewery, Edinburgh, which attracted a grant of £12,750. It bas shown savings of 82 per cent of steam used for washing kegs and 44 per cent of the steam used in the total process. With the plant at full capacity this could give a payback period of two years and three months.

However, Dr Leslie Malkin, of ETSU, believes that there is scope for many more demonstration schemes in breweries. He is particularly keen on trials with beat pumps; electronic energy management systems; better process control and heat recovery.

His list also includes recovering the vapours from coppers (in which the hops and "mashed" malt is boiled), new wort boiling techniques and better beat load management.

In comparison with the brewing industry's single demonstration scheme, the malting industry, with an energy consumption that is one third of the brewers', now boasts six ETSU-run demonstration schemes. They have involved investment of about £2.5m and government grants of £350,000, compared with Scottish and Newcastle's £12,750.

Malt is grain (usually barley) which is allowed to germinate after being soaked and most of the energy is used when it is stabilised in kilns.

81% saving

An energy audit of malting, published last November revealed that it could save, largely through heat recovery, 81 per cent of its 1973 energy usage. Most of it, some 60,000 tonnes of coal equivalent a year, would be saved by heat pumps.

Four of the demonstrations are being undertaken by Associated British Maltsters (ABM), and the other two by their competitors, Pauls and Sandars.

Both the Pauls and Sandars projects involve use of heat pumps, as do two of those at ABM. The two other ABM projects involve e heat exchanger, and the use of barley dust as fuel.

Successful use of the heat pumps will be watched with interest far beyond the malting industry. Dr Ken Currie, of ETSU, told a seminar of maltsters recently that eventually heat pumps could save industry as a whole some 600,000 tonnes of coal equivalent a year. This would represent £150m-worth of business for the equipment suppliers.

If the maltsters' show industry the rest of the way, this will be a big feather in their cap. But it will not necessarily mean that they are ahead of brewers' in the energy saving race. While the brewers' potential savings have been put at 30 per cent, theirs is still 80 per cent. The race is still wide open.

It is also an international race, as shown by the seriousness with which energy saving is taken by Denmark's United Breweries (to which Carlsberg and Tuborg belong).

The brewery at Tuborg, by reducing wastage in hot water, claims to be cutting some DKr 14m (£974,000) a year from its bill for water and oil.

Some DKr 2.2m are being saved annually by commissioning a hot water plant with a large reserve tank. For an investment of DKr 5.4m, the brewery had hoped to recover 65,000 cubic metres of hot water a year, but actually saves 120,000 cubic metres.

In the bottling halls, flow meters were mounted on all washers and heat recovery equipment. The cost was DKr 7m, of which DKr 2m was provided by the Danish Government's process energy saving support programme.

The company also stresses the importance of appointing a special manager with overall responsibility for energy usage.

Several energy-saving studies bave also been carried out by United Breweries' wholly-owned engineering subsidiary, Danbrew Consult. It incorporates their findings into new plants, such as the Fredericia Brewery, opened in September 1979, which produces both Carlsberg and Tuborg beers.

Maurice Samuelson

John Wyles examines EEC attitudes

When beer can't reach all the parts

BREWERS keep a wary eye on Brussels. Beers, wines and *spirits* are not central to the building of European integration (except as a most obvious lubricant) but their production, distribution and taxation has an odd fascination for Eurocrats. The cynical always accuse them of wanting to spoil peoples pleasure by harmonising the content of beers or changing taxation ratios to favour one alcohol at the expense of another. But the European Commission has usually had more justification than that for its various, and almost uniformly unsuccessful efforts, to regulate alcoholic drinks on a Community basis.

Drink is big business and important to the domestic economies of all Ten member states. They go out of their way, therefore, to protect the interests of their national producers and as a result the market for alcoholic drinks in the EEC is almost anything but common.

Understandably, brewers have followed the Commission's attempts to remedy this situation with interest. The main target has been the patchwork of discriminatory taxes in the Community, and the vehicle a series of complaints to the European Court. The Commission's objective has been to obtain Court rulings which it could then use as a basis for cajoling and threatening member states into a more harmonised system.

So far, its success has been only partial. In February 1980 the court delivered a series of judgments sweeping away discriminatory taxes in France and Italy and on domestically produced spirits in Denmark at the expense of imported Scotch whisky. France's compliance with this judgment has been less than wholehearted and the Commission is still considering bow to force Paris to remove remaining penalties against Scotch.

In the same package of judgmeots, the Court found that the UK's practice of levying five times as much excise duty on wine as on beer was leaning towards inadmissible protectionism. For the next 18 months the Commission tried to steer member states towards a package agreement with a 3 to 1 relationship between the wine and beer duties and a common taxation basis for other alcoholic drinks.

Important ruling

This effort failed last October and the wine/beer issue is now back at the European Court. Its ruling could be fundamentally important and could make all member states regret their failure to reach a political agreement. This is because the Court may adopt a rational approach — highly disruptive of current practices — based on a view that all alcoholic drinks are in competition with each other and that, therefore, their taxation should reflect relative alcoholic strengths.

Another extremely live issue to be dealt with by the Court is that beer brewed in the Community cannot reach all the parts that it should — namely the rest of the EEC. The Germans and the Greeks are the culprits here because of local laws which narrowly define the content of "beer" and tend to exclude the produce of other Community countries.

Attempts during the 1970s to agree an EEC regulation to resolve the problem foundered on West German opposition but the problem has not gone away. It has, in fact, intensified with the accession of Greece which has a law passed in 1922, the effect of which is much the same as the German law. As a result, the Commission is now preparing Court cases against both countries.

Meanwhile, British brewers will be relieved to hear that the long-running argument within the Commission about whether to mount an offensive against the tied house system remains unresolved. But as wary men, they will keep an eye on Brussels.

EUROPEAN BREWING COMPANIES

	1960	1970	1980
Austria	75	65	51
Belgium	—*	190	100
Denmark	28	23	19
Finland	15	9	5
France	—*	87	50
W. Germany	—*	1,750	1,200
Ireland	6	5	5
Italy	24	16	12
Netherlands	38	16	14
Norway	23	16	14
Portugal	—*	4	2
Sweden	57	21	9
Switzerland	58	54	33
UK	247	96	81

*Not available

Gareth Griffiths on new ways of dealing with drink abuse

Strategy shifts to shopfloor

THE PROBLEMS of drink abuse have received considerable publicity over the past few years, culminating in a Department of Health and Social Security discussion document "Drinking Sensibly" published last December which endorsed many of the views put forward by the brewers and left many in the anti-alcohol abuse lobby concerned about future Government action.

The main theme of "Drinking Sensibly" was that the Government should reject the systematic use of tax rates as a way of controlling alcohol consumption and that official policy alone could not secure responsible attitudes towards drinking. The emphasis instead, it was argued, should not be on controlling total levels of consumption but rather on health education and the development of programmes by companies for employees with drink problems.

The Government decided that simply to raise the price as a rationing device to cut back overall consumption was rather crude and also too generalised. The Treasury model suggests that for every one per cent rise in the relative price of beer, demand falls by 0.25 per cent.

The Government also decided not to take any tougher controls over alcoholic drinks advertising but argued that the broadcasting authorities, programme makers, producers and writers should try to ensure that the presentation of alcohol does not unwittingly encourage bad habits.

The anti-drinks abuse strategy therefore rests on a campaign to involve employers in drink abuse problems and on aiming propaganda and health education at specified key groups such as young people.

The scale of drink abuse-related problems in the UK is unknown, although the Office of *Population* Censuses and Surveys (OPCS) estimates that there are more than 740,000 people in Britain suffering from alcohol-related problems. The calculation is a mathematical one and is questioned by the Brewers' Society.

But the damage, both emotional and economic, caused by alcohol abuse is considerable. Studies suggest that a fifth of all accidents at work were due to alcohol abuse; one worker in 10 in England and Wales, according to the OPCS, reported a hangover at work at some stage during the previous three months.

Employers' schemes

This drive towards dealing with drink problems in the workplace was particularly favoured by Sir George Young, the previous Health Minister. Although the governmental impetus towards dealing with the problem seems to have declined since his move to the Environment Department, several major employers have started or are about to start alcohol-abuse programmes.

The brewers, well aware of the opportunities for excessive drinking in their own industry, have been among the leaders in developing such an approach. Scottish and Newcastle's programme formulated in 1975 is now a textbook case of what to do. Guinness, Watney and Allied Lyons have also been pace setters.

As part of its social problems policy the Brewers' Society has developed an audio-visual package to tell companies how to develop such programmes. British Gas and Ford are among companies to express a keen interest and the package should shortly be available to employers.

This is an important year in the funding arrangements of anti-alcohol abuse organisations because a £2.25m research trust fund has been set np with money from the winding up of 69 compensation funds set up earlier this century to compensate licensees for the loss of their licences. Brewing companies have said they will top up the fund, which will be used to make grants to projects. The Brewers' Society spends annually some £300,000 on alcohol-abuse problem research.

The main division in the anti-alcohol-abuse lobby comes between those such as the brewers and the Health Ministers — in the ascendancy at the moment — who argue that overall drink consumption figures do not matter and that the problem is an educative one and those who suggest that overall consumption should be curtailed.

A warning

Mr Derek Rutherford, director of the National Council on Alcoholism (NCA), believes that educative programmes alone cannot tackle the problem and points out to the experience of the rise in drink consumption in the 19th century despite a large-scale temperance movement. It was only legislation brought in during World War I that led to a fall in alcohol consumption.

The NCA wants safety warnings about the effects of alcohol to be carried on bottles and cans. It also wants more effective health education about alcohol since there is evidence that some health education programmes, no matter how well-meaning, bave achieved the opposite nf the intended effect.

The NCA is now thinking in terms of a couple of decades before a government takes a tough line on drink abuse similar to the 1916 legislation. The drinks industry is one of the UK's major employers, with a strong export performance in whisky, and as the Central Policy Review Staff study of alcohol-related problems pointed out three years ago, there are 14 Government departments keen to promote alcohol consumption and prodnction and only two concerned with the social effects of that production and consumption.

Technology slims labour force

LABOUR RELATIONS in the brewing industry are subject just like other industries to economic and technological changes. The economic condition of the industry has been generally favourable until the present recession. This has been reflected in rates of pay and conditions which are above average for industrial workers.

Technically, the industry has, as one would expect, become progressively more capital intensive as "new breweries" replaced the old in roughly 20-year cycles. In round terms, brewery employment gradually fell (although output rose) as the capital intensity of the industry grew. This movement lasted nntil the early 1970s, when overseas companies such as Carlsberg invested in plant in the UK and slightly raised employment.

The past two years bas seen an end to all that. As the recessinn has deepened, and beer drinkers find themselves able to afford less beer, breweries have cut back on investment, production, and manpower. At the same time, and to complete the malign cycle as far as employment is concerned, the *new brewery technology brings* the "workerless brewery" within the bounds of technical feasibility.

Only the larger layoffs of the past 12 months reached the headlines: 250 redundancies at Watney's Whitechapel brewery last January; 600 at Ansell's in Birmingham last February; 250 at Whitbread's Luton plant last April; 600 at Scottish and Newcastle in Scotland and England. Largely unremarked, the breweries, big and small, have let natural wastage and cuts of a few dozen take their toll.

The brewery employees are not the only ones to suffer. The Brewery Society, in its annual pre-budget submission, told the Chancellor in January that some 20,000 jobs had gone in Britain's pubs in the previous year, bringing employment down from 385,000 to 365,000. Steep rises in VAT, and beer sales running at eight per cent lower than the previous year, were held to be the culprits.

The Ansell closure of almost a year ago is something of a case study of the contemporary industry. The parent company, Allied Breweries, had serious overcapacity: it wanted to centralise production at Burton-on-Trent, and to lose the 1m barrels a year produced at Birmingham.

In eddition, the company bad tired of a dispute involving the Transport and General Workers Union, the industry's largest. The union had struck against the introduction of short-time working. The strike which began in January 1981 was made official on February 3. The company wanted to introduce a series of new practices, including reduced overtime payments, the end of demarcation and restrictive procedures and the abolition of guaranteed earnings. It admitted that this would lower the average wages of £175 at the brewery, wages which set the pace for the West Midlands industry. However, the package was held by the workforce to be too much to be conceded: only 28 of them accepted it, and the company, after issuing several warnings, closed the brewery.

The history is indicative of a trend. Brewery companies, like other sectors, are taking advantage of unemployment to get better labour deals and to sack. New technology is being introduced under the recession's guise.

However, the industry's reputation for generally reasonable relations holds. Mr Bob Smith, the General and Municipal Workers Union's national official for the industry, says that the employers are reasonable enough: recently Whitbread, which last year cut back on UK employment in favour of overseas investment, started a service for its redundant employees aimed at finding them jobs elsewhere. Unions and managements co-operate in the industry's economic development council, trying to peer into the future for hopeful signs of an end to the recession. When it comes, it will find the industry has lost some of its paunch.

John Lloyd

COMMODITIES AND AGRICULTURE

EEC proposes milk tax compromise

BY LARRY KLINGER IN BRUSSELS

A COMPROMISE plan to exempt small producers from part of the EEC dairy production levy has been approved by the EEC Commission.

It has suggested that the proposed 2.5 per cent tax on all milk production for the coming marketing year should be cut to 1.5 per cent on the first 60,000 kilos produced by all producers.

This represents an attempt to strike the middle ground between some member countries, notably France, who have sought complete exemption for farmers with an annual output of less than 30,000 kilos and others, including Britain, who have argued that any new measure should not discriminate against large producers.

The proposal would reduce revenue from the levy by an estimated £67m.

While it cannot be clear at this stage what precise effect it might have on future output, it is certain that on its own it could only encourage further EEC overproduction. Furthermore, the proposals can only add fuel to the debate over the market balance between the large and small producer.

While officials said yesterday that the proposals would have to be studied in the context of the overall proposals to fix EEC guaranteed farm prices for the coming marketing year, initial reaction was favourable.

Most found the measures "a step in the right direction." The French and the Irish, while expected to press for a higher level of aid, were relieved that at last concrete proposals had been put forward, and the British, while holding strong reservations, found the proposals "at least a move towards some sort of equity between the efficient and inefficient producer."

Critics of the proposals, however, were also quick to point out that final approval could only come in the context of an overall agreement of farm prices and the accompanying tax measures designed to curb production.

The small farmer still accounts for more than 40 per cent of EEC dairy output but "he is also the one who is in a position to increase production quickly and relatively cheaply by improving his stock, feed and land," one official said.

The small, economically pressed dairy farm was the source of a real social problem in some areas of the Community. "But the problem is a social one, and should be treated as such. It must not be allowed to further undermine an already overstretched EEC agriculture marketing policy."

● Meanwhile, the Commission confirmed yesterday that it was continuing its effort to find a political solution to the dispute over the Netherland's gas subsidy to its horticulture producers.

The Commission has accepted in principle the Netherlands' latest compromise proposal as a basis for a solution but is worried that it might provide for a limited subsidy to continue past the proposed April 1983 cut-off date.

Mr Poul Dalsager, the Agriculture Commissioner, said he would be in touch personally with the Dutch authorities in order to report back to the next Agriculture Ministers' Council on March 15.

The Commission made clear, however, that it would proceed with its European Court case against the Netherlands if no agreed solution was found by the end of this month.

European zinc price unity

By John Edwards, Commodities Editor

UNITY was re-established for the European zinc producer price yesterday when the West German smelters decided to lift their quotations from $875 to $900 a tonne, while other producers lowered their prices from $950 to $900.

A gap was opened in the European producer price range, at which the bulk of zinc is sold, in January when Metallgesellschaft and Preussag decided to cut their quotations by $75 to $875. However other producers refused to budge until on Tuesday Noranda of Canada decided to make a $50 reduction to $900. Other companies have quickly moved to $900 and the West German smelters have come back into line.

Reaction on the London Metal Exchange zinc market, which is well below the $900 level, was for values to rise on the West German decision. But there was some concern when the U.S. producer, Asarco, decided to cut its domestic zinc price by 1 cent to 40 cents a pound for regular high grade.

Asarco, however, at the same time raised its domestic U.S. lead price by 1 cent to 28 cents a pound. This followed the strong upsurge in the London lead market during the past three days, reportedly inspired by Soviet buying. Consumer, and speculative, buying yesterday pushed cash lead up by £8.25 to £345.25 a tonne.

Copper higher-grade cash fell by £6.25 to £833 a tonne, depressed by the further declines in gold free market, platinum and silver.

Sterling price of platinum on the London free market fell by £5.85 to £178.65 a troy ounce and the dollar equivalent by $10 to $326.50—the lowest level since the end of 1978.

...The bullion spot price of silver was cut by 14.90p to 412.35p a troy ounce at the morning fixing and the LME cash price closed in the afternoon at 411.5p—also the lowest level since early 1979.

In New York silver dropped to life of contract lows in early trading on speculation that Middle East investors would sell precious metal holdings to offset the drop in oil revenues.

FARMER'S VIEWPOINT

Milk storm boiling up

A RATHER ill-tempered squabble is threatening the placid existence of the milk distributive trade. Milk distribution has been cosily tied up between the producers, viz the monopoly buyer—the Milk Marketing Board—and the dairy companies. These arrangements were deemed essential for the continuing delivery of the daily pinta. Even where deliveries were made to supermarkets and other outlets, prices were kept very close to those on the doorstep, now at 20p a pint.

At the present time dairy farmers are receiving around 8p a pint wholesale, which makes them believe that the dairy trade is making an unjustifiably high profit. The trade, on the other hand, claims that their prices are agreed by the Government, which recently commissioned a report by a firm of chartered accountants (Binder Hamlyn) which as far as could be understood, justified the present price spread.

There the matter might have rested, had the EEC not come into the act last April with a requirement that the Board should allow certain producers to withhold their milk from sale to the Board and process it themselves before selling it to various retail outlets. This alteration was based on the EEC's well known devotion to the competitive principle.

So far only a handful of producers have taken this course—50 out of 40,000—and these are holders of producer retail licences who normally distribute on the doorstep. Those involved are usually the owners of quite large herds on the outskirts of towns where they think there would be a substantial demand from supermarkets and grocery shops.

These outlets have always been able to buy milk from the big processing companies, but they do not yet appear to have been able to cut the price while doing so to any substantial extent. However, producer processors have been able to deliver milk in cartons so that these outlets can retail it at from 15p to 17p a pint. How much of this is loss leading in order to establish sales it is impossible to say. But particularly in a recession the attractions to the housewife of a discount are obvious.

The big dairy companies are up in arms about the situation which if allowed to continue would threaten they claim the whole liquid milk market. The argument is that if any substantial quantity of milk were to be diverted from the doorstep to the shops, the doorstep delivery would shrink making the whole exercise uneconomic. In addition total liquid milk consumption could fall, thus loading the industry with an excess of dairy products to be got rid of under the EEC schemes.

These critics say that the producer processors pay neither coresponsibility levies nor the cost of transport which all other producers have to. But they do have to pay the Board a levy at present of 1.55p a pint. These processors have also the right to buy milk from the Board to process, and they can also sell bottled or cartoned milk to other doorstep retailers.

Setting up a home processing plant is far from cheap—figures from £50,000 to £70,000 have been quoted—but there is a great deal of interest among dairy farmers who would be well prepared to pay out such a sum in order materially to increase returns.

They will not be deterred by rumours and threats of physical violence against existing processors and their premises.

The producer processors are not the only threat in the liquid market. Imports of heat-treated milk from the Continent are still banned because of a health regulation at present before the European Court. If the Court rules that the ban is unlawful, it could open the frontiers to a flood of cartoned milk which could have just as much impact in retail prices in fact rather more, than at present from the producer processors.

The Milk Marketing Board has been rather ambivalent about the whole issue. Instead of warmly welcoming any initiative for producers to get more out of the market its spokesmen in the past have been concerned to point out the undoubted problems of milk processing to such an extent that one got the impression that the Board thought the present arrangements with distributors should not be upset.

It does have a point. The Board was set up nearly 50 years ago to bring to and end a virtual state of war between farmers and dairy companies in which everyone was cutting everyone's throat. It could be argued that we are seeing in the present situation, the beginning of a similar descent into anarchy, as some see a free market.

The distributors are understandably very worried that their investment in milk retailing could be at risk. For instance a dairy round is reckoned to be worth up to £200 per gallon of daily sales but would be worth nothing if the market fell away.

John Cherrington

Rubber buffer stock seeks more cash

KUALA LUMPUR—Members of the International Natural Rubber Organisation have been asked to contribute an additional $M 200m ($U.S. 124m) to finance the purchase of more rubber for the buffer stock.

Officials attending the buffer stock committee meeting said that the request for more money was made by the buffer stock manager who said the third round of borrowing had to be "massive." The buffer stock already has about 100,000 tonnes of surplus rubber.

Meanwhile rubber producers, led by Malaysia, are likely to press for talks on an upward revision of the buffer stock price range.

But the move will be resisted by consumer countries, led by the U.S.,

Reuter

Hopes of Indian sugar production record

BY K. K. SHARMA IN NEW DELHI

SUGAR production in India is expected to reach the record level of 7m tonnes this year and the country will once again make substantial exports under the International Sugar Agreement.

The production assessment has been made by the Indian Sugar Mills Association whose president, Mr H. C. Kothari, said yesterday that the industry nevertheless faces a serious resource problem because of the government's tight credit policy.

Mr Kothari said that the sugar industry needs an additional Rs 3bn this year to finance its burgeoning stocks. Unless the credit was made available, sugar mills would be compelled to suspend payments for sugarcane which accounts for about 70 per cent of the production cost.

He suggested that the government should create a buffer stock of 1m tonnes of sugar, since this would help India to hold on to its export quota in bad production years.

The expectation of 7m tonnes production this year is a 36 per cent increase over the 5.15m tonnes produced in 1980-81.

West German sugar statistician, F. O. Licht, estimates European sugar beet producers intend to plant 7.960m hectares in 1982 compared with 8.060 hectares in 1981, reports Reuter from New York.

Sugar traders said Licht was forecasting a cut of 7.4 per cent in EEC sugar beet plantings for 1982 at 1.870m hectares.

In the Soviet Union Licht expected beet plantings to be unchanged from the 1981 level of 3.720m hectares.

Total 1982 West European plantings were put at 2.797m hectares against 2.912m in 1981, down 4.0 per cent. Total East European plantings were indicated at 5.163m against 5.148m, up 0.3 per cent.

Danish bacon levy cut coming

BY RICHARD MOONEY

DANISH BACON could be 5p a pound cheaper in British shops once the EEC price fixing is agreed, Mr Svend Bernsen, managing director of ESS-Food, the Danish meat importing company, said yesterday.

Pigmeat is not directly affected by the price fixing but a proposal for Britain to revalue its so-called "green pound" by 4 per cent would, if accepted by Mr Peter Walker, the UK Minister of Agriculture, reduce the levy charged on Danish bacon imports.

In addition, once the price fixing is out of the way the Danes will be allowed to devalue their own green rate in line with the recent cut in the commercial Krone rate.

Green currencies are the rates at which EEC farm support prices are translated into national currencies. Britain is under pressure to revalue its green pound which has been allowed to fall some 8 per cent behind the strengthening commercial rate. This would tend to reduce prices to consumers but would hit farmers' returns and Mr Walker seems determined to resist the pressure.

The Danes, on the other hand, would already have brought the green krone into line, had not France used its veto in an attempt to bring them into the EEC camp seeking farm price rises above the average 9 per cent proposed by the Common Market Commission.

The aggregate effect of a 4 per cent British revaluation and a 3 per cent Danish devaluation would be a reduction in the bacon levy of about 5p, Mr Bernsen said.

Mr Walker's policy meant the British housewife was not getting the benefits of the strong pound, he added.

Mr Bernsen, meanwhile, warned British farmers not to be taken in by rumours that the Danes were short of pigs this year. These had encouraged some farmers to consider increasing their pig herds in the hope of filling a gap left by the Danes, he said. But there would be no gap, he promised. The Danish breeding herd was "bigger than ever" and there would be plenty of Danish bacon to meet British demand.

Official figures show the number of Danish sows in pig as at December at 654,000, up from 635,000 at the same time last year. The total pig herd was 9.78m up from 9.7m in December 1980.

Thai Kenaf exports fall

BANGKOK—Thai kenaf exports during the first 11 months of last year dropped to 17,378 tonnes valued at $2.8m from 30,392 tonnes valued at $6.6m during the corresponding period of 1980, the Board of Trade of Thailand (BOT) reported.

A BOT bulletin said in 1981 Thai jute imports decreased to 15,745 tonnes valued at $4.3m from 29,104 tonnes valued at $8.9m in 1980.

Traders forecast a shortage of 90,000 tonnes of kenaf in the local market with demand at 290,000 tonnes and the 1981-82 crop (September to March) yielding less than 200,000 tonnes.

A preliminary survey at the end of last year estimated the crop at 250,000 tonnes but another survey concluded at the middle of last month revised it to less than 200,000 tonnes

BRITISH COMMODITY MARKETS

BASE METALS

COPPER prices fell again, depressed by the declines in precious metals. Three months higher grade closed at a low of £862. Lead values rose sharply moving from £342 to a high of £355 on sustained buying. Zinc rose too following the move by West German smelters to raise their official European price. Tin trading was much quieter, with limited price changes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGr de				
Cash	835-.6	−8	833.5-4	−6.5
3 mths	863.5-4.0	−8.25	862.5-3	−6.5
Settlem't	835.5	−8.8	—	.....
Cathodes				
Cash	833-4	−8.25	833.5-4.5	−5
3 months	860-61	−9.0	861-1.5	−5.25
Settlem't	834	−9.0	—	.....
U.S. Prod	—	—	*75.5-82	.....

Amalgamated Metal Trading reported that in the morning higher grade cash copper traded at £838.50, three months £863.00, 64.00, 64.50, 65.00, 65.50, 64.00, 64.50, 64.00, 63.50, 63.00, 63.50, 64.00. Kerb: Higher grade, three months £864.00, 64.50, 65.00. Afternoon: Higher grade, three months £862.50, 62.00, 62.50, 63.00. Cathodes: Three months £860.00, 61.00, 61.50, 61.00. Kerb: Higher grade, three months £864.00, 64.50, 64.00. Turnover 38,525 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6990-5	+27.5	7040-50	−35
3 months	7200-10	−2.5	7270-80	−25
Settlem't	6995	+25	—	.....
Standard				
Cash	6990-5	+27.5	7040-50	−35
3 months	7200-10	−2.5	7270-80	−20
Settlem't	6995	+25	—	.....
Straits E.	$930.21	+0.8	—	.....
New York	—			

Tin—Morning: Standard, cash £6,990, three months £7,230, 40, 30, 20, 15, 10, 20, 10. Kerb: Standard, three months £7,230. Afternoon: Standard, cash £7,040, 80, three months £7,250, 80, 70. Kerb: Standard, three months £7,270, 60, 70, 80. Turnover, 7,540 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344.5-.5	+9.0	345-.5	+8.25
3 months	352-2.5	+3.6	369-.5	+8.5
Settlem't	345	+8.0	—	.....
U.S. Spot	—	.....	*29	.....

Lead—Morning: Cash £343.00, 46.00, three months £347.00, 47.50, 48.00, 50.00, 48.50, 49.00, 48.50, 52.00, 53.00, 52.00. Kerb: Three months £352.00, 51.00. Afternoon: Three months £350.00, 51.00, 51.50, 52.00, 52.50, 52.00, 52.50, 53.00, 52.50, 52.00. Kerb: Three months £352.00, 53.00, 54.00, 55.00, 54.00, 54.50, 55.00, 54.50, 53.00, 52.50, 52.00, 53.00, 53.50, 54.00, 54.00. Turnover, 16,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	458-9	+5.0	438-40	+4
3 months	445.25-.75	+2.75	447.5-9	+5.25
S'ment	439	+3.0	—	—
Primw'ts	—	.....	*42.75-3.75	—

Zinc—Morning: Cash £439.00, three months £447.00, 48.00, 47.00, 46.50, 46.00, 45.50. Kerb: Three months £445.50, 46.00. Afternoon: Three months £446.50, 47.00, 46.00, 46.50, 47.00, 47.50. Kerb: Three months £448.00, 49.00, 48.50, 48.00, 47.00, 47.50. Turnover, 9,325 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	575.5-7	−4.25	575-6	−5.5
3 months	599-600	−4.0	597.5-8	−5

Aluminium—Morning: Cash £575.50, three months £600.00, 599.50, 99.00, 98.50, 99.00. Kerb: Three months £599.00. Afternoon: Three months £598.00, 98.50, 99.00, 98.50, 98.00, 97.00, 97.50. Kerb: Three months £597.50, 98.50, 99.00. Turnover, 8,925 tonnes.

Nickel—Morning: Cash £3,090, three months £3,115, 10. Kerb: Three months £3,105. Afternoon: Three months £3,100, 3,000, 75. Kerb: Three months £3,075, 80. Turnover, 738 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3090-5	−52.5	3050-60	−72.5
3 months	3105-10	−50	3077-9	−64.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 14.9p an ounce lower for spot delivery in the London bullion market yesterday at 412.35p. Early trading saw the metal touch its lowest level since August 1979. U.S. cent equivalents of the fixing levels were: spot 752.75c, down 25.25c; three-month 779.5c, down 26.5c; six-month 806.8c, down 27.8c; and 12-month 862.8c, down 32.2c. Silver opened at 420-424p (766-771c) but fell during the day to close at 410-414p (750-755c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	412.35p	−14.9	411.5p	−8.5
3 months	426.10p	−15.5	425.85p	−11.8
6 months	430.40p	−16.1	—	.....
12months	467.40p	−16.1	—	.....

LME—Turnover 124 (59) lots of 10,000 ozs. Morning: three months 426.0, 25.0, 24.0, 24.5, 25.0, 25.5, 27.0, 26.8, 27.0, 27.2, 27.1, 27.9. Kerb: three months 427.5, 28.0, 28.5, 18.0, 27.5, 28.0. Afternoon: three months 425.0, 24.0, 24.5, 24.4. Kerb: 424.5.

COCOA

Prices remained in a narrow range in dull trading conditions during the morning session. Commission house short covering in the afternoon session pushed prices to stop loss buying levels. Origin sellers remained withdrawn and physical buyers refused to follow the rally, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

WOOL FUTURES

[illegible]

516.0, 516.0-513.0; May 520.0, 521.0, 522.5-519.0; July 528.0, 530.0, 531.0-527.5; Oct 521.0, 522.0, 523.5-522.0; Dec 526.0, 527.0, 527.8-526.9; March 532.0, 532.5, 533.0-531.5; May 536.5, 537.0, 537.0-536.0; July 543.0, 544.0, 543.0-542.0. Sales: 370.

BRADFORD—Higher prices at the Australian and New Zealand auctions are the main reason for further increases in Bradford top quotations, the official report said. Business in tops, and more so in yarns and cloth, is not buoyant but the pressure of raw wool costs is having some effect.

GAS OIL FUTURES

The market weakened again in good trading volume as physical prices continued soft and Opec seem no nearer agreement. Towards the close prices steadied a little on short-covering, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
March	256.00	−1.00	262.00-57.00
April	241.50	−1.75	244.00-40.00
May	257.25	−9.00	258.50-36.75
June	238.50	−0.75	259.50-37.50
July	239.50	−0.50	239.50-39.00
August	240.25	−0.75	241.00-40.00
Sept.	244.00	−1.00	246.00-44.00
Oct.	946.00	−0.50	—
Nov.	949.00	−0.25	—

Turnover, 1,936 (3,955) lots of 100 tonnes.

GRAINS

Old crop wheat received most attention with good commercial buying during the morning. However lack of buying interest in the afternoon brought some fallback in prices. New crops remained easier all day, reports Acli.

[illegible]

61.4p a kg (61.5p withdrawn): 22-25.5 kg, 73.1p a kg withdrawn (75.6p). Light cows: 25.5 kg, 71.5p a kg (71.5p withdrawn).

RUBBER

The London physical market opened steadier, attracted fair interest throughout the day and closed uncertain. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 197.0 (198.5) cents a kg and SMR 20 178.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	48.20-48.60	47.30-47.50	48.60-48.10
May	49.10-49.20	48.30-48.50	49.40
Apl-Jne	48.80-49.00	48.00-48.20	49.50-48.70
Jly-Sept	52.50-52.60	51.70-51.80	55.20-51.80
Oct-Dec	55.30-55.50	54.50-54.60	58.20-54.60
Jan-Mar	58.10-58.30	57.40-57.50	58.80-58.10
Apl-Jne	60.80-61.00	60.20-60.40	61.50-61.20
Jly-Sept	63.50-66.70	63.00-63.20	64.50
Oct-Dec	66.50-65.80	66.00-66.10	67.50-67.20

Sales: 516 (238) lots of 15 tonnes, 30 (4) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 47.25p (46.75p); April 50.00p (46.50p); May 50.00p (46.50p).

SOYABEAN MEAL

The market opened easier, reports T. G. Roddick, and prices fell further on trade, and stop loss selling.

TABLE — —table table table table

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	126.70-27.5	−3.15	150.50-27.00
June	126.00-26.8	−1.75	128.00-26.50
August	126.00-27.0	−1.65	128.10-28.00
October	128.00-28.5	−1.55	—
Dec	151.00-32.2	−1.40	132.00-31.00
Feb	152.00-35.5	−1.25	—
April	152.00-35.0	−1.00	—

Sales: 100 (118) lots of 10 tonnes.

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

[illegible]

POTATOES

[illegible]

PRICE CHANGES

(In tonnes unless otherwise stated.

	Mar. 4 1982	+ or —	Month ago
Metals			
Aluminium	£810/816	.....	£810/815
Free Mkt.	$1045/1075	.....	$1110/140
Copper			
Cash h grade	£833.75	−6.25	£867.5
3 mths	£862.75	−6.5	£887
Cash Cathode	£834	−5	£865
3 mths	£861.25	−5.25	£893.5
Gold troy oz	$344.25	−9.25	$384.5
Lead Cash	£345.25	+8.25	£340.5
3 mths	£352.25	+8.5	£349.25
Nickel	£3824	.....	£5771.7
Free mkt	260/290c	.....	260/85c
Platin'mtr oz'y	£260	.....	£250
Free mkt	£179.55	−5.80	£197.85
Quicksilver†	$390/405	.....	$360/370
Silver troy oz	412.35p	−14.90	450.70p
3 mths	426.10p	−15.55	455.90p
Tin Cash	£7045	−35	£8895
3 mths	£7275	−20	£8046
Tungsten22.0 lb	$150.00	.....	$125.54
Wolfrm 22.4lbs	$120/124	.....	$129/130
Zinc Cash	£439.5	+4	£450.5
3 mths	£447.75	+5.25	£457.5
Producers	$900	.....	$875/850
Oils			
Coconut (Phil)	$500u	.....	$545
Groundnut	‡	.....	$716
Linseed Crude	‡	.....	‡
Palm Malayan	$510v	.....	$542.5
Seeds			
Copra Philip	$530z	−5	$380
Soyabean (U.S.)	$254	−4.5	$264.75
Grains			
Barley Fut. May	£110.80	−0.10	£111.20
Maize	£135	.....	£133.25
Wheat Fut. May	£115.50	+0.20	£115.25
No.2 Hard Wint	£116.50	.....	£117.95
Other commodities			
Cocoa ship't*	£1102.5	+20.5	£1924
Future May	£1157.5	+21.0	£1161.5

[illegible]

AMERICAN MARKETS

NEW YORK, March 4.

The precious metals remained under pressure on continued liquidation based on falling oil prices. Copper staged a good short covering rally based on an oversold situation and on reports that Peru and Chile were considering an attempt to support prices. Cocoa rallied on lack of producer selling. Coffee continued to firm on good trade support. Sugar remained under pressure on lack of physical interest. Light profit taking developed in the pork complex on expectations of weakness in cash. The cattle were firm on technical buying. The grain and soyabean complex rallied late on short covering. Cotton remained under pressure on long liquidation while bearish fundamentals continued to pressure oil values, reported Heinold.

Copper—March 68.65-68.85 (67.65), April 69.40 (68.65), May 70.30-70.50, July 72.20-72.40, Sept 74.05, Dec 76.80-76.90, Jan 77.35, March 79.00, May 80.65, July 82.30, Sept 83.85, Dec 86.45, Jan 87.20.

Potatoes (round whites)—April 80.3-80.5 (81.6), Nov 77.0 (78.7), Feb 86.4, March 88.0. Sales: 222.

Sugar—No. 11: May 11.98-12.01 (12.06), July 12.10-12.15 (12.20), Sept 12.33-12.35, Oct 12.45-12.47, Jan 12.60-12.69, March 12.99, May 13.20-13.25.

Tin—610.00-615.00 (605.00-610.00).

Live Cattle—April 66.95-66.90 (65.55), June 65.55-65.67 (64.35), Aug 62.50-62.55, Oct 60.45-60.40, Dec 60.67, Feb 60.30, April 60.50.

Live Hogs—April 47.70-47.55 (47.30), June 52.25-52.45 (52.40), July 53.15-53.10, Aug 51.95-52.20, Oct 49.15-49.00, Dec 50.00, Feb 50.00, June 51.90.

‡‡Maize—March 259¼ (258¾), May 272-272¼ (272¼), July 281½-281¾, Sept 285¼, Dec 291-291½, March 305½-305¾.

Pork Bellies—March 71.20-71.00 (71.47), May 71.90-72.20 (72.45), July 72.60-72.75, Aug 70.60-70.50, Feb 71.80-71.50, March 72.00.

†Soyabeans—March 607½-608½ (605½, May 622-623¼ (621), July 635½-635, Aug 640, Sept 640½-641, Nov 649, Jan 663, March 676½.

‖Soyabean Meal—March 182.5-182.3 (182.4), May 183.4-183.5 (184.1), July 187.0-186.5, Aug 188.0, Sept 189.0, Oct 190.5-190.0, Dec 192.5, Jan 193.0-194.0.

Soyabean Oil—March 18.20 (18.03), May 18.72-18.74 (18.53), July 19.25, Aug 19.48-19.50, Sept 19.70, Oct 19.95, Dec 20.35, Jan 20.52, March 20.75-20.65.

†Wheat—March 359¼-359 (360), May 369-369¼ (369¼), July 378-378½, Sept 392¼, Dec 412¼, March 428½.

Wednesday's closing prices

NEW YORK, March 2.

††Cocoa—March 1890 (1801), May 1909 (1931), July 1940, Sept 1978, Dec 2010, March 2040. Sales: 1,415.

Coffee—"C" Contract: March 156.50-156.90 (154.98), May 144.55-144.95 (143.05), July 135.60-135.75, Sept 130.75, Dec 126.90-127.00, March 121.50-122.50, May 120.00-123.00, July 118.00-124.00.

Cotton—No. 2: March 63.00 (64.15), May 65.10-65.20 (65.67), July 67.20-67.30, Oct 70.05-70.22, Dec 71.25-71.35, March 72.85, May 74.00-74.35, July 74.70-75.20. Sales: 4,000.

Orange Juice—March 127.70-128.00 (128.50), May 131.60-131.70 (132.55), July 134.45-134.55, Sept 135.50-136.60, Nov 138.00, Jan 139.20, March 140.40-140.50, May 141.60-141.80, July 142.30-142.60. Sales: 600.

CHICAGO, March 3.

Chicago Imm Gold—March 350.3-350.5 (357.9), June 361.5-362.0 (369.31), Sept 373.0, Dec 385.0, March 397.2, June 410.3, Sept 423.0.

EUROPEAN MARKETS

ROTTERDAM, March 4.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter: 13.5 per cent, mid March 192.50, March 20/April 15 198. U.S. No. Two Red Winter: March 166, April 170. U.S. No. Three Amber Durum: April/May 183, May 184.50, June 182, July 184, Aug 185, Sept 186, Oct 190, Nov 193. U.S. No. Two Northern Spring 14 per cent: March 202, April/May 180, 182, May 181.50, June 181, July 181, Aug 182, Sept 183, Oct 187, Nov 189.50. Canadian Western Red Spring April/May 208.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, afloat 127, March 126.50, April 126, May 126, June 126, July/Sept 128.50, Oct/Dec 132, Jan/March 138.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, March 248, April 249, May 250.50, June 252, July 253, Aug 256, Sept 256.50, Oct 257, Nov 257, Dec 261, Jan 266, Feb 263.25, March 272 sellers. Argentine, June/July 249.75 sellers. Soyameal—(U.S. $ per tonne): 44 per cent protein, afloat 227, March 225.50, April 225, April/Sept 226, Nov/March 241 sellers. Brazil Pellets: March 235 traded, March 233, April 232, May 231, April/Sept 233 sellers.

PARIS, March 4.

Sugar—(FFr per tonne): May 1821/1829, July 1825/1840, Aug 1868/1870, Oct 1850/1860, Nov 1850/1860, Dec 1860/1870, March 1922/1928, May 1960/1970. Sales at call: 85.

PARIS, March 4.

Cocoa—(FFr per 100 kilos): March 1245-1260, May 1256-1280, July 1280-1300, Sept 1316-1343, Dec 1335-1343, March 1355-1363, May 1365-1375. Sales at call: 1.

Sugar—(FFr per tonne): May 1823-1825, July 1830-1845, Aug 1871-1875, Oct 1860-1870, Nov 1860-1870, Dec 1867-1870, March 1925-1935, May 1930-1970. Sales at call: 5.

INDICES

FINANCIAL TIMES

Mar. 3	Mar. 2	Month ago	Year ago
242.14	242.89	249.43	256.40

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Mar. 3	Mar. 2	Month ago	Year ago
Spot	125.06	127.33	128.46	—
Futr's	131.92	132.83	136.40	—

(Base: December 31 1974=100)

MOODY'S

Mar. 3	Mar. 2	Month ago	Year ago
992.9	989.1	1011.5	1125.9

(December 31, 1931=100)

REUTERS

Mar. 4	Mar. 3	M'nth ago	Year ago
1594.4	1589.6	1627.5	1725.0

(Base: September 18, 1931=100)

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FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

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Interest rate optimism strengthens again and Gilts rise nearly a point but equities struggle to improve

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5

* "New time" dealings may take place from 9.30 am two business days earlier.

Falling interest rates at home and abroad rekindled investment enthusiasm in London stock markets yesterday. Government securities were outstanding and rose nearly a point with the renewed strength of the sector lending support to leading shares initially susceptible to overnight weakness on Wall Street.

Optimism about another early ½-point cut, perhaps today, in UK base lending rates increased as Continental investors joined domestic operators in buying Gilts of all maturities. Short-dated stocks enjoyed the busier trade and, although closing ⅛ below the best, displayed gains ranging to ¾; Exchequer 14 per cent 1986, the recently-exhausted tap, rose that much to its highest level yet of 98½. Trading conditions were thinner among the longs in which high-coupon issues did best with rises extending to ¾.

Leading equities were a touch easier before the Gilt market opening, reflecting nervousness about Wall Street. The feeling lingered throughout the session but the tone gradually improved on selective support and by noon the FT Industrial Ordinary share index had transformed a 10.00 am loss of a point into a gain of 2.4.

Another setback in New York early yesterday, however, adversely affected sentiment towards the end and the index closed 1.5 up on balance at 556.7. Interest continued to be shown in Insurances, among which Composites and Brokers provided the main features. Business otherwise lessened and even recently-active situation stocks turned much quieter.

Antofagasta Railway responded to the return to profitability and payment of ordinary dividend—the first since 1971—by rising 10 points in a restricted market to £75; the preference moved up 5 points to £60.

Yesterday saw first-time dealings in Fleet Holdings, the demerged newspaper and publishing interests of Trafalgar House; the opening quotation of 23p was above expectations and the shares, in a lively business, traded between extremes of 25p and 22p before closing at 23p. Ex the one-for-four entitlement, Trafalgar House put on 5½ to 121p, after 118p.

Insurances good again

Firm and active conditions prevailed in Insurances. Recently helped by currency considerations, Lloyds Brokers yesterday continued to make good progress as buyers found stock in short supply. C. E. Heath advanced 10 for a two-day jump of 23 to 310p, while Hogg Robinson appreciated 6 to 116p and Minet 5 to 167p, after 169p. Royals stood out among Composites, jumping 14 to 377p on a broker's recommendation in the wake of the good annual figures. A revival of old rumours that the company may merge with a UK insurance concern to deter a bid from the German Allianz group, saw Eagle Star rise 8 to 391p. Legal and General closed 6 to the good at 224p among Life issues.

The major clearing banks were inclined harder following Press comment. Barclays and NatWest improved 5 to 495p and 455p respectively, while Lloyds hardened a penny to 475p. Midland, the last to report annual results on March 19, put on 3 to 335p. Elsewhere, Discount Houses continued firmly in sympathy with the rising gilt market. Union rose 10 more to 445p and Gillett Bros. 3 to 153p. Rea Bros. closed unaltered at 90p following the results and proposed 13-for-20 scrip-issue. Sturla were quoted at 12p ex the £1.7m rights issue, while the new nil-paid shares opened at 1½p premium and closed at 1¾p premium.

The sharp fall in January beer production gave a jolt to the Brewery sector. Early selling, however, dried up and quotations closed a shade above the worst, but the final tone was still unsettled. Bass ended 4 cheaper at 219p, after 218p, while Whitbread "A" finished similarly lower at 98p, after 97p.

The prospect of cheaper mortgages directed fresh attention towards housebuilders, Barratt Developments rising 6 to a 1981-1982 peak of 261p and George Wimpey 5 to 101p. Bellway, 87p, and William Leech, 95p, added 3 apiece, while Comben hardened 2 to 47p. Fairview Estates put on 4 to 106p, while Galliford, interim results next Monday, firmed 2 to 64p. Elsewhere in the Building sector, Tarmac encountered further support and rose 8 to 444p.

Preliminary results at the top end of market estimates lifted Rentokil 5 to 162p, while renewed demand left Allied Colloids, 4 dearer at a 1981-82 peak of 185p. Dixor-Strand attracted fresh speculative interest on takeover hopes and touched 25p before closing a net 2 up at 24p. ICI encountered modest support and firmed 6 to 334p, but Fisons closed unchanged on balance at 285p, after 288p. Croda International shed a penny to 79p on the lapsing of Burmah Oil's 70p per share cash bid.

Leading Stores perked up but the volume of business again left a lot to be desired. Gussies "A" firmed 7 to 480p and British Home improved a few pence to 150p. Recently firm on comment ahead of the preliminary results scheduled for Wednesday, F. W. Woolworth softened a penny to 56p. Elsewhere, Sumrie rallied 5 to 40p.

Thorn EMI dull

Thorn EMI remained friendless among the Electrical majors and closed 10 down at 433p. Plessey, on the other hand, touched 370p on investment buying before closing a net 5 up at 368p. Racal ended a similar amount higher at 358p but GEC, after improving to 822p, closed unaltered at 815p. Elsewhere, Rediffusion stood out with a gain of 7 at 214p, after 219p, on investment support. Renewed demand in a thin market helped Farnell to add 5 more for a rise on the week so far of 43 to 595p. ESI London put on 5 to 165p and United Scientific gained 10 to 610p. Still reflecting the company's $3m joint microchip venture with Ion Beam Technologies of the U.S., Dubilier hardened 2 afresh to 70p.

Interest in the Engineering sector was at a low ebb. Leading issues to edge higher included Hawker, 4 dearer at 328p, and GKN, 2 up at 160p. Elsewhere, speculative demand lifted Jenks and Cattell 8 to 49p. Ransomes Sims, a good market of late, responded to the preliminary results with a fresh rise of 2 at 180p, after 185p. Sporadic buying prompted a rise of 3 to 128p in Laird Group, while Edbro closed similarly higher at 99p.

Leading Foods met with further modest support, Cadbury Schweppes rising 2 to 98p and Associated Dairies 4 to 140p. Elsewhere, Lennons added 3 to 57p on revived bid hopes, while Taverner Rutledge were marked up 4 to 32p following the return to profitability. Albert Fisher were again actively traded and closed a penny up at 37p.

Dull at first on the gloomy beer output figures, Grand Metropolitan picked up from 192p following the chairman's optimism at the annual meeting and touched 197p before closing unchanged on balance at 196p.

Hawtin better

Continuing to reflect speculative and call option business, Hawtin rose 1½ more to 9p. Elsewhere in miscellaneous industrials, Associated Communications Corporation A hardened a penny more to 92p, after 94p, awaiting developments in the bid situation. Channel Tunnel added 10 afresh to 225p on hopes that Government approval for the project will be given soon. Royal Worcester revived with a gain of 7 to 177p and Moben hardened a penny to 23p, the latter following acquisition details.

Medminster slipped to 65½p on initial disappointment with the interim results, but rallied to close unchanged on balance at 67p. Campari put on 4 to 63p in further response to the interim statement. Elsewhere in the Leisure sector, Intervision held at 33p following the interim results; permission to deal under Rule 163 (2) A has been suspended and the company is to apply for a quotation in the Unlisted Securities Market.

A rising market in front of the preliminary results, W. N. Sharpe reacted on the announcement and closed 15 down at 465p, after 460p.

Growing interest rate optimism led to a virtual one-way business in leading Properties and Land Securities rose 7 to 308p while MEPC firmed 4 to 224p. Elsewhere, Rosehaugh, as high as 275p at one stage and standing at 270p prior to the interim figures, reacted to 263p on the announcement and subsequently settled just 7 up on balance at 265p. Still reflecting an investment recommendation, Mountview Estates gained 5 more to 167p, but Whittington Estates, a rising market recently, shed a penny to 23½p on the announcement that discussions are in progress which may lead to a property acquisition.

Ultramar react

Oil shares generally eased after previous day's recovery movement. Losses in the leaders were usually modest and prices closed a couple of pence above the worst. British Petroleum ending 4 cheaper at 280p, after 278p. Ultramar failed to benefit further from the preliminary figures, reacting to 367p on a revival of selling before settling a little above the day's lowest with a fall of 15 at 370p. Exploration issues were particularly weak, Berkeley falling afresh to close 12 down at 263p and KCA International ending 8 lower at 90p, after 87p. Sun (UK) Royalty dipped 20 to 160p, while Orbit reacted 15 to 65p.

Among Financials, Mercantile House eased 10 further to 470p, but R. P. Martin, up a couple of pence more to 403p, continued firmly awaiting today's interim figures.

P. and O. Deferred were relatively lively in Shippings, but closed 3 lower at 123p, while Reardon Smith, a recent speculative favourite, reacted 7 to 138p.

Interest in Textiles appeared to fade, but Courtaulds edged up 3 to 84p.

Continuing bid speculation left Rothmans 3 higher at 83½p in the Tobacco sector.

Among dull South African Industrials, Abercom shed 15 to 125p and Unisec 10 to 130p.

Golds weak again

Depressed metal prices prompted further widespread falls among mining stocks. The bullion price opened easier and drifted lower throughout the day to close $9.25 down at $344.25, the lowest level since September 13 1979.

The Gold Mines index fell 15.9 more to 231.5.

South African Golds were marked sharply lower at the outset and, despite the efforts of a few selective buyers from the Continent, a fresh bout of U.S. selling left most issues at the day's lowest.

The heavyweights were particularly vulnerable. Vaal Reefs, £25¼, and Randfontein, £20¾, declined 1¾ apiece, while Hartebeest finished 1¼ lower at £20½.

Among medium and lower-priced issues, Libanon fell 85 to 602p and Doornfontein gave up 71 at 616p.

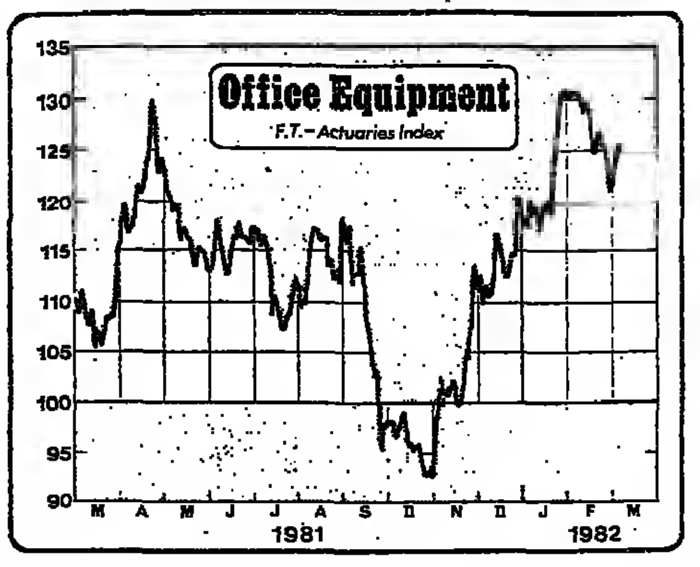
Financials also closed with heavy losses, notably "Amgold," 2¼ lower at £32¼, and "Johnnies," a point off at £31. Glencor announced full-year results well in excess of market estimates and rallied from an earlier 775p to close 35 down on balance at 795p.

London Financials again featured Gold Fields, which reacted sharply to a generally unfavourable Press on the half-time statement and fell 21 to 377p.

In Diamonds, De Beers finished 9 cheaper at 310p, and "Anamint" eased 2½ to £34.

The continued decline in the Platinum price unsettled major producers Rustenburg, which fell 12 to 166p in active trading. Impala gave up a similar amount to 248p.

Demand for Traded Options improved slightly and deals completed amounted to 2,017, comprising 1,437 calls and 580 puts. Consolidated Goldfields attracted 231 puts—116 in the April 390 series.



FINANCIAL TIMES STOCK INDICES

	Mar. 4	Mar. 3	Mar. 2	Mar. 1	Feb. 26	Feb. 25	A year ago
Government Secs.	67.89	67.42	67.34	66.91	66.39	65.86	68.61
Fixed Interest	67.23	66.98	66.96	66.32	66.49	66.64	70.66
Industrial Ord.	556.7	555.2	557.8	550.2	547.3	551.8	496.2
Gold Mines	231.5	247.4	254.0	252.8	263.4	266.3	300.4
Ord. Div. Yield	6.65	6.66	6.63	6.72	6.73	6.68	7.11
Earnings, Yld. % (full)	10.41	10.43	10.38	10.31	10.56	9.88	13.30
P/E Ratio (net) (*)	12.37	12.35	12.41	12.32	12.30	15.24	9.06
Total bargains	25,230	23,013	23,204	22,512	21,883	24,369	24,171
Equity turnover £m.	—	157.63	149.31	127.02	177.01	192.76	121.35
Equity bargains	—	20,283	21,887	18,516	23,608	24,694	19,813

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 554.2. 11 am 557.3. Noon 557.8. 1 pm 557.2. 2 pm 556.8. 3 pm 557.5.

Latest Index 01-246 8026.

* Nil=11.14.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.2 (14/8/81)	231.5 (4/3/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 3	Mar. 2
—Daily		
Gilt Edged Bargains	207.8	226.0
Equities Bargains	151.5	141.2
Value	312.6	301.8
5-day Avrge.		
Gilt-Edged Bargains	198.0	194.2
Equities Bargains	159.9	135.3
Value	316.8	314.0

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	81	1	10
Corpns. Dom. and Foreign Bonds	28	6	42
Industrials	243	214	899
Financial and Props.	83	124	311
Oils	6	56	48
Plantations	1	2	15
Mines	6	101	57
Others	15	85	43
Totals	460	596	1,426

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –	Div.	Times covered	Gross yield	P/E ratio
142	F.P.	26/3	196	186	Amersham	199		b5.5	2.9	2.5	15.5
§30	F.P.	12/2	30	29	Assets Special 10p	29		—	—	—	—
—	F.P.	—	8	8	Do. Warrants 10p	7		—	—	—	—
20	F.P.	—	307	313	✻Eldridge Pope £1	357		0.6	2.8	3.8	11.0
—	F.P.	—	25	22	Fleet Holdings 20p	23		—	—	—	—
—	F.P.	—	30½	27	Greenfriar Warrants	36½		—	—	—	—
§90	F.P.	5/3	93	89	✻Imm. Bus. Sys. 10p	93		—	—	—	10.3
‖‖	F.P.	—	63	47	✻Malaysian Tin 5p	47					
§130	F.P.	—	148	142	✻Oceonics 10p	142	–5	bd1.5	4.7	1.5	15.7
‖‖	F.P.	—	15½	13	TSW 5p	15	+1	F0.6	—	5.7	—
46	F.P.	19/2	56	47	✻York Mount	53		b4.51	3.2	12.2	2.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or –
§100	£25	30/7	31¾	26¾	Barclays 16% Ln. Stk. 2002-06	31¾	+1¼
100	F.P.	14/4	114	111	Boddingtons Brew 9½% Cnv. Ln. 2000-05	114	+1
**	F.P.	—	202	200	Churchbury Ests. 6.4% Cnv. Ln 1995	202	—
¶¶	F.P.	26/2	212	208	Do. 8pc Cnv. Ln. 1997	210	—
100	Nil	—	3pm	1pm	Hunting Pet. 10% Cnv. Ln. 1997	1½pm	–¼
¶99	£10	29/4	10½	10⅛	Lee Valley 9⅞% Red. Prf. 1989	10⅛	—
¶97½	F.P.	18/3	13	12	Mid-Kent Water 9½% Red. Prf. 1987	100⅛	—
§100	£10	—	100⅞	99¾	Nationwide Bdg. Soc. 16% (17/1/83)	101⅛	—
§100	F.P.	—	100½	100	Do. 15⅞% (7/2/83)	100½	—
**	F.P.	—	102p	100p	Ropners 11½% Cum Prf.	101p	—
98.55	£20	—	21¾	19¾	Trans-Canada Pipelines 16½% Notes 2007	21¾	+¼

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or –
244.3	Nil	12/3	15/4	8pm	6pm	‡‡Cambrian & Gen. Units	8pm	+1
70	Nil	13/5	19/4	17pm	3pm	✻Clyde Petroleum	4pm	—
140	F.P.	12/2	19/3	164	154	Davy Corp.	156	–1
40	Nil	6/3	23/4	1½pm	½pm	✻Energy Finance 10p	½pm	—
160	Nil	22/3	29/4	28pm	10pm	Hunting Pet. Services	10pm	–8
220	F.P.	26/2	26/3	271	258	Lovell (Y.J.)	262	—
188	F.P.	11/2	26/3	229	218	MEPC	224	+1
112	Nil	23/3	23/4	28pm	24pm	Security Centres	25pm	+1
23	F.P.	26/2	19/3	41	36	Smith St. Aubyn	39	+2
45	F.P.	—	—	48	43	Steaua Romana (Brit.)	45	+1
12	Nil	—	—	1¾pm	1¼pm	Sturla 12p	1¾pm	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimates for 1982. *Q* Gross. *T* Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✻ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Cons Gold Fields	377	–21	Nawlin	9	+1¼
De Beers Defd	310	– 9	P. & O. Defd	125	– 3
Eagle Star	391	+ 8	Rosehaugh	265	+ 7
Fisher (A.)	37	+ 1	Trafalgar House	121	+ 5½
Fleet Hldgs	23	—	Ultramar	370	–15
Grand Met	196	—	Vaal Reefs	£25¼	– 1¾

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Ultramar	33	385	+ 7	BP	17	284	+ 2
GEC	25	815	– 5	De Beers Dfd	17	319	– 2
Cns Gld Fields	22	398	– 8	ICI	17	328	– 4
WASMO	22	305	+ 2	Plessey	17	363	– 1
Shell Trans	22	342	+ 4	Barclays Bk	16	490	—
B. N. Prop	19	480	—	Lonrho	16	75	—
RTZ	19	423	– 4	Beecham	15	231	– 1

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Stocks to attract money for the call included Chloride, Nimslo, ICL, Gill and Duffus, Smith St Aubyn, First National Finance, Woolworth, Clive Discount, F. H. Lloyd, St Georges Group and KCA International. Puts were arranged in Tubes, Smith St Aubyn, Woolworth and Inter-City, while double options were transacted in First National Finance, Tricentrol, Woolworth, Montague L. Meyer, Consolidated Gold Fields, Ultramar and KCA International.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 3, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	3.3464
Algeria	Dinar	4.1875
Andorra	Fr. Franc	6.040
	Sp. Peseta	102.80
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (f) (5)	10023.00
Australia	Dollar	0.9348
Austria	Schilling	16.81
Azores	Port. Escudo	70.60
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	102.80
Bangladesh	Taka	20.67
Barbados	Dollar	2.01
Belgium	Franc (C)	43.00
	Franc (F)	47.05
Belize	Dollar	2.00
Benin	C.F.A. Franc	302.30
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.2851
Bolivia	Peso	24.75
Botswana	Pula	0.9012
Brazil	Cruzeiro	140.35
Brunei	Dollar	2.1106
Bulgaria	Lev	0.945
Burma	Kyat	8.4316
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	302.30
Canada	Dollar	1.2237
Canary Is.	Sp. Peseta	102.80
Cape Verde Is.	Escudo	56.31
Cayman Is.	Dollar	0.836
Cen. Af. Rep.	C.F.A. Franc	302.30
Chad	C.F.A. Franc	302.30
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.8309
Colombia	Peso (O)	60.65
Comoros	C.F.A. Franc	302.30
Congo P'ple. Rep. of	C.F.A. Franc	302.30
Costa Rica	Colon (O)	8.60
	Colon	37.09
Cuba	Peso	0.8001
Cyprus	Pound*	2.1877
Czechoslovakia	Koruna (O)	6.00
Denmark	Krone	7.9565
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7023
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	25.00
	Sucre (F)	36.30
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2168
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	205.60
Ethiopia	Birr (O)	2.0319
Faeroe Is.	Dan. Krone	7.9560
Falkland Is.	Pound*	1.821
Fiji	Dollar	0.9089
Finland	Markka	4.536
France	Franc	6.046
Fr. C'ty in Af.	C.F.A. Franc	302.32
Fr. Guiana	Franc	6.046
Fr. Pac. Is.	C.F.P. Franc	104.358
Gabon	C.F.A. Franc	302.30
Gambia	Dalasi	2.1966
Germany (E)	Ostmark (O)	2.3672
Germany (W)	Mark	2.3672
Ghana	Cedi	2.75
Gibraltar	Pound*	1.821
Greece	Drachma	61.05
Greenland	Dan. Krone	7.9565
Grenada	E. Caribbean $	2.7022
Guadeloupe	Franc	6.046
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.9344
Guinea Rep.	Syli	21.8433
Guyana	Dollar	2.9819
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.865
Hungary	Forint	34.4297
Iceland	Krona	9.432
India	Rupee	9.2851
Indonesia	Rupiah	643.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2953
Irish Rep.	Punt*	1.4915
Israel	Shekel	18.21
Italy	Lira	1272.60
Ivory Coast	C.F.A. Franc	302.30
Jamaica	Dollar	1.7841
Japan	Yen	235.95
Jordan	Dinar	0.3455
Kampuchea	Riel	n.a.
Kenya	Shilling	10.5664
Kiribati	Aust. Dollar	0.9348
Korea (Nth)	Won	0.94
Korea (Sth)	Won	706.00
Kuwait	Dinar	0.2845
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.8205
Lesotho	Loti	0.9836
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.875
Luxembourg	Lux Franc	43.65
Macao	Pataca	6.0967
Madagascar D. R.	Franc	302.32
Madeira	Port. Escudo	70.60
Malawi	Kwacha	0.9564
Malaysia	Ringgit	2.3133
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	604.60
Malta	Pound*	2.4843
Martinique	Franc	6.046
Mauritania	Ouguiya	49.50
Mauritius	Rupee	11.0609
Mexico	Peso	45.50
Miquelon	Fr. Franc	6.046
Monaco	Fr. Franc	6.046
Mongolia	Tugrik (O)	3.6336
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.7823
Mozambique	Metica	28.7913
Namibia	S.A. Rand	0.9836
Nauru Is.	Aust. Dollar	0.9348
Nepal	Rupee	13.20
Netherlands	Guilder	2.5975
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.270
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	302.30
Nigeria	Naira (O)	0.6849
Norway	Krone	5.986
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	10.9278
Panama	Balboa	1.00
Papua N.G.	Kina	0.7139
Paraguay	Guarani	126.00
Peru	Sol	552.07
Philippines	Peso	8.31
Pitcairn Is.	N.Z. Dollar	1.276
Poland	Zloty (O)	80.00
Portugal	Escudo	70.60
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.046
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7026
St. Helena	Pound*	1.821
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr. Franc	6.046
St. Vincent	E. Caribbean $	2.7023
Samoa (Western)	Tala	0.8881
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1272.60
Sao Tome & Principe DR	Dobra	40.0405
Saudi Arabia	Riyal	3.4205
Senegal	C.F.A. Franc	302.30
Seychelles	Rupee	7.5019
Sierra Leone	Leone	1.2096
Singapore	Dollar	2.1105
Solomon Is.	Dollar	0.9091
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9839
Spain	Peseta	102.80
Span. Ports in N. Africa	Sp. Peseta	102.80
Sri Lanka	Rupee	20.68
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9836
Sweden	Krona	5.776
Switzerland	Franc	1.873
Syria	Pound	3.9262
Taiwan	Dollar (O)	38.17
Tanzania	Shilling	8.1283
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	302.30
Tonga Is.	Pa'anga	0.9348
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5442
Turkey	Lira	135.03
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.9348
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.821
Upper Volta	C.F.A. Franc	302.30
Uruguay	Peso	11.85
U.S.S.R.	Rouble	0.7856
Vanuatu	Vatu	97.7131
	Aust. Dollar	0.9348
Vatican	Lira	1272.60
Venezuela	Bolivar	4.290
Vietnam	Dong (O)	2.12
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	44.2803
Zaire Rp.	Zaire	5.6182
Zambia	Kwacha	0.9065
Zimbabwe	Dollar	0.7299

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 12½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina—Commercial and Financial rate combined 30/12/81. (0) Poland—Official rate 80 effective 1/1/82.
(6) Somali: Parallel exchange rates introduced 1st July—for essential imports. (7) Somalia: Exports and Non Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (61)

BRITISH FUNDS (10)
Treas. 8½pc 1982 — Exch. 13½pc 1987
Exch. 9½pc 1982 — A (£20 pd.)
Exch. 8¾pc 1983 — Exch. 15pc 1997
Treas. 9½pc 1983 — Treas. 3pc 1987
Exch. 10pc 1983 — Treas. 12pc 1987
Exch. 14pc 1986

INT. BANKS (1)
Int. Bank 5pc '77-82

COMMONWEALTH LOANS (1)
Sh. Rodesia 2½pc Non-Ass.

FOREIGN BONDS (4)
Antofagasta Railway Prof. — Hydro Quebec 15pc Ln.
Ireland 7½pc '81-83 — Japan 4pc '10 Ass.

BEERS (1)
Bulmer (H.P.)

BUILDINGS (5)
Barratt Dev. — Lafarge Corp.
Costain Defd. — Tarmac
Galliford

CHEMICALS (4)
Allied Colloids — Halstead (J.)
Ober-Strand — Stewart Plastics

STORES (2)
Dewhirst — Habitat 5½pc Cnv.

ELECTRICALS (4)
ESI London — Rediffusion
Farnell Elec. — Sound Diffusion

ENGINEERING (5)
Brasway — Fife Indmar
Concentric — Hall (Matthew)
Edbro

FOODS (2)
Brit. Sugar — Taverner Rutledge

INDUSTRIALS (6)
Assoc. Comms. A — Trafalgar House
Courtney Pope — Utd. Guarantee
Riley (E. J.) — Utd. Parcels

INSURANCE (5)
Alexander & Alexander — Equity & Law
Do. 11pc Cnv. — Minet
Willis Faber

LEISURE (3)
Campari Int. — LWT A
Horizon

NEWSPAPERS (2)
Assoc. Book Publishers — Pearson Longman

PAPER (3)
Assoc. Paper — McCorquodale
Bronning Group — Saatchi & Saatchi
Do. Res. Vtg.

TEXTILES (1)
Courtaulds

NEW LOWS (83)

AMERICANS (6)
Amax — Tenneco
Louisiana Land — Do. 10pc Ln.
Shell Oil — Zapata Corp.

CANADIANS (3)
Bank of Nova Scotia — Gulf Canada
Bow Valley

STORES (1)
Time Products

ELECTRICALS (1)
Forward Tech.

HOTELS (1)
Ryan Hotels

INDUSTRIALS (4)
Hollis Brothers — Stonehill
Schlumberger — Swire Pacific

PAPER (1)
Clondalkin

SOUTH AFRICANS (1)
Gold Fields Prop.

TRUSTS (2)
Drayton Far Eastern — Precious Metals
New Darien Oil

OIL & GAS (17)
Brunswick Oil — Orbit
Clyde Pet. — Ranger Oil
Edinburgh Secs. — Santos
Genoa Oil — Strata Oil
International Pet. — Tri Basin Res.
KCA Int. — Weeks (Bermuda)
Magellan Pet. — Do. Pref. (Austr.)
Marinex Pet. — Westfort Pet.
Offshore

OVERSEAS TRADERS (1)
Boustead

MINES (44)
East Rand Prop. — Anglo American
ERGO — Anglo Am. Gold
Marievale — Cons. Gold Fields
South African Land — Minorco
Blyvoor — Anglo Am. Inv.
Driefontein — De Beers Defd.
Elandsrand — Impala Plat.
Elsburg — Rustenburg Plat.
Hartebeest — Eagle Corp.
Kloof Gold — Haoma Gold
Libanon — MIM Holdings
Stilfontein — Nickelore
Vaal Reefs — North Broken Hill
Venterspost — North Kalgurli
Western Areas — Oakbridge
Western Deep — Olimin
Zandpan — Peko-Wallsend
F. S. Geduld — Southern Pacific
Loraine — Westn. Mining
St. Helena — Sungei Besi
Welkom — Supreme Corp.
W. Holdings — Northgate

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur March 4 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed March 3 Index No.	Tues March 2 Index No.	Mon March 1 Index No.	Fri Feb 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	365.69	+0.3	9.33	4.36	13.50	364.67	364.36	360.33	359.14	314.51
2	Building Materials (25)	319.92	+0.2	13.61	5.41	8.83	319.27	321.02	318.47	318.04	276.42
3	Contracting, Construction (28)	592.66	+1.2	15.41	4.79	7.62	585.49	582.42	576.55	575.83	492.07
4	Electricals (31)	1244.20	+0.2	7.41	2.33	17.24	1241.12	1241.04	1225.34	1220.73	1025.08
5	Engineering Contractors (9)	511.38	—	12.35	5.72	9.47	511.61	507.51	502.75	503.32	420.99
6	Mechanical Engineering (67)	192.93	+0.6	10.88	3.71	11.72	191.88	191.33	189.45	188.78	188.99
8	Metals and Metal Forming (12)	165.15	–0.5	7.36	7.37	19.06	166.04	165.69	163.51	162.85	148.14
9	Motors (21)	97.77	–0.1	—	6.81	—	97.89	97.20	96.21	95.87	92.00
10	Other Industrial Materials (17)	397.66	—	7.96	5.78	15.59	397.82	397.23	392.64	391.91	320.65
21	CONSUMER GROUP (198)	294.26	+0.1	12.46	5.63	9.85	294.89	294.47	290.64	288.82	251.66
22	Brewers and Distillers (21)	286.94	–1.1	16.39	6.80	7.34	290.01	289.77	287.30	285.06	275.64
25	Food Manufacturing (21)	283.45	+0.1	14.97	6.06	8.01	283.13	284.34	280.52	270.95	227.68
26	Food Retailing (15)	611.03	+0.2	8.81	3.27	13.83	610.04	606.56	597.99	595.19	457.09
27	Health and Household Products (7)	380.03	+0.4	8.23	4.21	14.28	378.60	379.12	371.87	367.84	263.66
29	Leisure (24)	438.33	–0.5	9.50	5.04	13.20	440.71	437.39	433.81	433.59	368.58
32	Newspapers, Publishing (12)	517.93	+0.2	10.91	6.01	12.26	516.79	518.87	510.60	508.20	451.28
33	Packaging and Paper (13)	145.92	+0.3	13.71	7.38	8.72	145.43	145.18	143.95	143.60	127.28
34	Stores (45)	265.18	+0.4	10.87	5.09	12.29	264.11	265.83	263.14	260.88	260.39
35	Textiles (23)	171.87	+0.9	9.59	5.82	13.55	170.33	168.72	166.80	166.71	144.57
36	Tobaccos (3)	315.62	+0.5	19.41	8.26	5.87	314.06	316.24	308.93	306.08	226.45
39	Other Consumer (14)	279.58	+1.1	—	6.05	—	276.49	274.83	273.10	272.16	261.85
41	OTHER GROUPS (79)	255.48	+0.7	13.12	6.07	9.18	253.62	253.71	248.93	250.45	212.87
42	Chemicals (16)	341.98	+1.3	13.15	6.74	9.07	337.78	339.81	329.56	334.65	254.78
44	Office Equipment (4)	125.70	+0.6	12.81	6.84	9.51	124.96	124.12	121.26	121.00	110.65
45	Shipping and Transport (13)	570.94	–0.6	18.77	6.47	6.34	574.66	574.82	564.49	562.99	586.20
46	Miscellaneous (46)	317.78	+0.6	11.52	5.14	10.62	315.82	314.43	312.31	312.51	273.05
49	INDUSTRIAL GROUP (487)	313.80	+0.2	11.40	5.23	10.82	313.07	313.18	309.08	308.81	267.91
51	Oils (13)	638.33	–1.5	22.29	8.85	5.08	647.75	643.87	634.73	634.13	277.12
59	500 SHARE INDEX	340.33	—	13.03	5.77	9.25	340.41	340.05	335.69	334.66	316.19
61	FINANCIAL GROUP (117)	265.78	+1.0	—	5.95	—	263.10	262.75	259.14	260.04	249.72
62	Banks (6)	294.47	+0.8	36.29	7.15	3.06	292.23	292.61	287.34	292.47	235.71
63	Discount Houses (9)	234.34	+0.8	—	9.25	—	232.42	225.49	223.87	229.07	305.08
65	Insurance (Life) (9)	260.48	+0.6	—	6.15	—	258.82	257.58	252.83	253.03	262.57
66	Insurance (Composite) (10)	171.57	+2.2	—	8.05	—	167.88	169.22	165.99	164.08	162.51
67	Insurance Brokers (7)	457.55	+1.5	9.73	4.98	13.90	450.59	439.76	430.40	431.26	361.72
68	Merchant Banks (12)	147.67	–0.2	—	5.56	—	147.98	146.13	145.91	145.68	156.22
69	Property (49)	463.40	+1.0	4.63	3.18	28.87	458.34	457.99	465.52	456.31	481.09
70	Other Financial (15)	185.86	–0.5	15.31	5.84	8.00	186.76	185.67	183.94	184.61	178.99
71	Investment Trusts (112)	302.55	–0.5	—	5.40	—	304.17	303.00	302.27	304.89	295.05
81	Mining Finance (4)	205.27	–2.2	16.79	6.92	7.17	209.88	212.96	209.61	212.74	212.51
91	Overseas Traders (17)	392.83	–0.8	13.33	8.10	9.16	395.94	392.37	388.67	384.06	446.69
99	ALL-SHARE INDEX (750)	321.73	+0.1	—	5.84	—	321.49	321.15	317.18	316.89	302.29

FIXED INTEREST

	PRICE INDICES	Thur March 4	Day's change %	Wed March 3	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.31	+0.27	109.01	—	2.65
2	5-15 years	109.06	+0.75	108.26	—	2.15
3	Over 15 years	111.93	+0.78	111.07	—	2.52
4	Irredeemables	121.10	+1.09	119.79	—	1.62
5	All Stocks	109.85	+0.61	109.18	—	2.39
6	Debentures & Loans	85.57	+0.53	85.11	—	2.06
7	Preference	63.49	+0.03	63.47	—	1.91

	AVERAGE GROSS REDEMPTION YIELDS	Thur March 4	Wed March 3	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	12.20	12.27	11.42
2	15 years	12.83	12.94	12.37
3	25 years	12.56	12.69	12.68
4	Medium Coupons 5 years	14.30	14.43	13.20
5	15 years	14.12	14.26	13.94
6	25 years	13.65	13.75	13.81
7	High Coupons 5 years	14.26	14.44	13.20
8	15 years	14.30	14.41	14.16
9	25 years	13.86	14.06	14.00
10	Irredeemables†	12.24	12.37	11.80
11	Debs. & Loans 5 years	15.27	15.38	14.17
12	15 years	15.17	15.27	14.54
13	25 years	15.18	15.22	14.55
14	Preference†	15.52	15.52	14.43

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

American Growth	56.0	60.2	-1.4	2.41
Capital	38.8	42.0	-0.1	4.05
(Accum. Units)	50.2	54.3	-0.1	4.05
General	61.0	65.9	-0.3	4.66
Gilt & Fixed Int.	101.2	106.5xd	+0.6	12.50
Income	39.6	42.8	.....	8.74
Worldwide Bond	107.4	113.6	.....	4.84
Inv. Tst. Fd.	53.6	58.0	-0.3	4.14
Equitas Prog.	84.5	91.4	-0.4	4.47

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	91.1	95.8xd	+0.6	12.67

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	92.1	98.5xd	-0.2	5.47
Brit. Inds. Fund	82.3	88.1	-0.2	6.06
Growth & Income	59.3	63.5	-0.2	3.94
Elect. & Ind. Dev.	47.4	50.7	-0.2	4.24
Allied Capital	102.5	109.7	-0.4	4.55
Hambro Fund	141.3	151.2	-0.5	5.35
Hambro Acc. Fund	205.7	220.1	-0.8	4.54

Income Funds

High Yield Fd.	70.1	75.0xd	+0.1	8.48
High Income	86.6	92.7xd	.....	7.34
Equity Income Fd.	49.0	52.4xd	.....	7.04
Govt. Secs.	25.2	25.9	+0.1	12.28

International Funds

International	33.1	35.4xd	-0.4	2.60
Japan Fund	27.5	29.4	-0.4	0.56
Pacific Fund	63.5	67.9	-1.4	1.38
American Spec. Sits.	—	25.0	.....	1.10
Secs. Of America	77.9	83.3	-1.4	2.94

Specialist Funds

Smaller Co.'s Fd.	60.3	64.5	.....	3.64
2nd Smlr. Co's Fd.	75.0	80.2xd	.....	4.05
Recovery	29.4	31.5	.....	4.48
Met. Min. & C'dty.	55.8	59.7	-1.3	6.38
Overseas Earnings	80.3	85.9	-0.3	4.68

Exempt Funds

Income Exempt	55.2	57.9	.....	8.12
Far East Exempt	70.5	73.3	-1.3	1.71
Smaller Co. Exempt	102.4	107.5	+0.2	3.67
U.S.A. Exempt	128.1	133.2	-1.8	2.95

Chesterton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	14.5	15.6	-0.5	4.00
International	51.9	56.1xd	-1.5	1.29
High Income	29.1	31.4	.....	11.20

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	77.8	81.8	.....	4.52

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.6	40.0	.....	11.07
North American	56.3	60.8	-0.7	2.76
Canadian Exempt*	53.9	57.0	.....	3.49
Canadian Trust	46.1	49.9	-0.8	2.76
Mid'Mount High Inc.*	46.4	49.1xd	.....	9.77
Recovery	57.8	63.1	.....	3.49
Gilt Trust	39.2	41.0xd	+0.1	13.82

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	37.5	40.5	-1.0	0.62
Cres. Internat'l.	80.2	86.6	-1.5	1.73
Cres. High. Dist.	47.0	51.6	+0.7	8.87
Cres. Reserves	52.4	56.6xd	.....	5.30
Cres. Tokyo	37.6	40.6	-0.2	0.31

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.2	24.1	.....	6.80

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb 26	255.3	272.2	.....	4.91

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Grwth.	23.1	24.6	+0.1	7.55
Special Sits.	24.5	26.0	+0.1	3.05

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.9	23.5	.....	7.40
Gt. Winchester O'seas	31.4	34.8	.....	3.59

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	57.1	61.3	-0.2	4.75
UK Gwth. Tst. Inc.	57.1	61.3	-0.2	4.75
Higher Inc. Tst. Acc.	59.5	63.9	-0.1	8.02
Higher Inc. Tst. Inc.	59.5	63.9	-0.1	8.02
Gilts/Fxd. Int. Tst. Acc.	54.1	56.9xd	+0.3	5.29
Gilts/Fxd. Int. Tst. Inc.	53.1	55.8xd	+0.3	5.29
Nth. America Tst. Acc.	49.4	53.1	-0.7	1.70
Far East Tst. Acc.	44.0	47.3	-0.5	1.05
General Tst.	94.4	101.5	-0.5	4.70

Charities Official Invest. Fund
77 London Wall, EC2N 1DB. 01-588 1815

Income Jan 31		167.41	.....	7.23
Accum. Jan 31		411.25	.....	—

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	24.7	26.8	-0.2	1.74
Australian (z)	17.8	19.3	-0.6	1.29
Far Eastern Tst. (z)	36.9	40.1	-0.5	1.39
High Income	36.7	39.8	+0.1	10.95
Intl. Trust (z)	40.0	43.5	-1.1	1.69
Basic Resources Tst.	36.7	39.8	-1.2	2.66
Incm. Growth Tst.	25.0	27.1	.....	8.17
Pref. & Gilt Tst.	18.5	20.0	.....	15.61
Smaller Co's Trust	29.3	31.8	+0.3	3.36

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅞	98[illegible]	Treas. Variable '82‡‡	99⅞	.....	13.80	13.84
98⅜	93[illegible]	Treasury 8¼pc '82	98⅝	+⅛	8.37	12.47
98	93[illegible]	Exch. 9¼pc 1982	98xd	+¼	9.44	13.13
96⅜	92⅞	Exch. 8¾pc 1983	96⅝	+⅛	9.06	13.04
94	84⅞	Exch. 3pc 1983	93¾	.....	3.20	9.93
99⅝	95	Treasury 12pc 1983‡‡	98⅞xd	+¼	12.14	13.23
99⅝	96¾	Treas. Variable '83‡‡	99⅝	.....	13.84	14.01
96⅝	90¼	Treasury 9½pc '83	96⅝	+¼	9.57	11.98
101[illegible]	95¼	Exch. 13½pc '83	100¼	+½	13.47	13.26
95⅝	89¼	Exch. 10pc 1983	95¾	+¼	10.44	12.70
90½	83½	Funding 5½pc '82-84‡‡	90	.....	6.11	11.10
96¾	90	Exch. 11¼pc 1984	96½	.....	11.66	13.32
103[illegible]	95¼	Exchequer 14pc. 1984	100¾	+¼	13.90	13.56
84½	77	Exch. 3pc 1984	84⅜	.....	3.56	10.87
98⅜	90½	Treasury 12pc 1984	96⅝xd	+¼	12.42	13.61
107¾	95⅞	Treasury 15pc 1985	102⅝	+⅜	14.62	13.88
98⅞	86¼	Exch. 12pc Cnv. '85	95½xd	+⅜	12.57	13.88
78⅜	71	Treasury 3pc 1985	78⅜	.....	3.83	11.19
96[illegible]	85¼	Treasury 11½pc 1985	93¼	+⅜	12.33	14.07
98⅞	87⅜	Exch. 12¼pc 1985	94⅜	+⅜	12.98	14.21
97¼	84¾	Exch. 11¾pc '86	92⅝	+⅜	12.69	14.24
74¼	65¾	Treasury 3pc 1986	73		4.11	11.21
97[illegible]	84½	Treasury 12pc '86	92⅝	+⅜	12.96	14.33
88⅜	78½	Treasury 8½pc '84-86‡‡	84½	+¼	10.06	13.30
98⅛	91⅞	Exch. 14pc 1986	98⅛	+⅜	14.27	14.54
103⅞	90	Exch. 13¼pc 1987	95¾	+½	13.84	14.47
22¼	20	Do. A (£20pd)	22¼	+½	13.87	14.54

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64¼	57¼	Agric. Mt. 5pc '59-89	64¾	.....	7.80	12.60
29½	23¾	Met. Wtr. 3pc 'B'	26¼xd	−½	11.43	13.74
114	97	U.S.M.C. 9pc 1982	108	.....	8.50	—
99	91	Op. without Warnts.	99	.....	9.32	—

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
290	173	ANZ $A1	223	−4	Q28c	3.3	7.9	3.9
280	194	Alexanders D £1	223	.....	18.5	—	11.8	—
*£62½	£48¼	Algemene Fl.100	£57½	.....	Q26%	φ	9.7	φ
*116	82	Allied Irish	86	.....	Q43.9%	5.5	10.5	2.5
21¼	13	Ansbacher (H.) 5p	17¼	.....	¶0.35	—	3.6	—
310	215	Bk. Ireland £1	215	.....	Q28.9%	—	11.0	—
*8	3	Bk. Leumi $0.1	5	.....	Q12½%	—	0.8	—
250	170	Bk. Leumi (UK) £1	220	.....	10.15	—	6.8	—
193	145	Bk. N.S.W. $A1	156	−2	Q24c	2.9	9.4	3.6
548	285	Bank Scotland £1	448	.....	†17.5	5.7	5.6	3.3
500	370	Barclays £1	495	+5	¶22.0	φ5.3	7.8	3.2
243	182	Brown Shipley £1	235	+2	h6.5	—	4.0	—
408	270	Cater Allen £1	310	.....	23.1	—	10.6	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
650	80	Falcon Rh.50c	80	......	Q25c	10.3	23.5
135	60	Roan Cons. K4	60	......	♦—	—	—
59	20	Wankie Col. Rh.1	21	......	Q3c	1.2	10.6
32	19	Zam.Cpr.SBD0.24	19	......	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	45	−2	Q4c	—	5.5
41	13	ACM 20c	13	−1	—	—	—
21	3½	Argosy Gold NL 25c	3½	......	—	—	—
229	87	Bond Corp.	92	−3	Q10c	2.3	6.9
112	63	Bougainville I Kina	67	−3	Q6½c	φ	5.8
302	150	CRA 50c	152	−1	Q5c	φ	2.0
25	9	Canada Northwest	10	......	—	—	—
35	10	Carr Boyd 20c	11	......	—	—	—
415	25	Central Pacific	25	−3	—	—	—
47	11	Cultus Pacific N.L.	11	......	—	—	—
68	15	Eagle Corp. 10c	15	−1	—	—	—
40	15	Endeavour 20c	15	−1	—	—	—
560	198	G. M. Kalgoorlie 25c	200	+2	Q32½c	0.9	10.0
25	6	Great Eastern	6	......	—	—	—
185	38	Greenbushes Tin 50c	40	......	Q6c	1.9	9.1
275	130	Hampton Areas 10p	147	+1	2.5	3.1	2.4
168	20	Haoma Gold N.L.	20	−1	—	—	—
85	12	Intl. Mining	12	......	—	—	—
118	22	Jimberlana (50cFP)	23	......	—	—	—
15	3½	Kalbara Min 20c	3½	−½	—	—	—
245	60	Kitchener NL 25c	65	......	—	—	—
105	9	Leichardt Expln.	11	......	—	—	—
190	92	Meekatharra 25c	126	−0	—	—	—
70	32	Metals Ex. 50c	32	......	Q3c	1.7	5.7
38	12	Metramar Mnr. 20cts	12	......	—	—	—
20	7½	Mid East Mins. NL	0	......	—	—	—
290	154	M.I.M. Hldgs. 50c	154	−3	¶Q5c	φ	1.9
57	21	Mincorp 20c	30	......	—	—	—
21	6	Minefields Expl. 25c	7	......	—	—	—
20	13	Newmetal 20c	17	......	—	—	—
69	20	Nickelore N.L.	20	−2½	—	—	—
204	123	North B. Hill 50c	123	−7	‡Q18c	1.0	‡
84	40	Nth. Kalgurli	40	−2	—	—	—
150	77	Oakbridge 50c	77	−5	†Q6½c	1.9	5.2
185	48	Otter N. L.	48	−2	—	—	—
188	65	Pacific Copper	65	......	—	—	—
*423	103	Pancont'l 25c	105	−3	—	—	—
88	41	Paringa M&Ex.5p	41	......	♦—	—	—
525	300	Peko-Wallsend 50c	300	−10	‡Q15c	—	‡
43	16	Pelsart Res NL	21½	−1	—	—	—
287	155	Renison 50c	155	−10	Z05c	—	2.0
372	110	Do. Ofd.	115	......	—	—	—
120	34	Seltrust A	34	......	—	—	—
157	12	Southern Pacific	12	−1	—	—	—
100	25	Swan Resources 20c	25	−2	—	—	—
316	47	Vultan Mins 20c	47	......	—	—	—
18½	5	West Coast 25c	5	−½	—	—	—
130	15	Westn. Cont 50c	20	......	—	—	—
335	205	Westn. Mining 50c	205	−4	‡Q14c	1.6	‡
76	20	Whim Creek 20c	22	−2	—	—	—
101	16	York Resources	16	......	—	—	—

Tins

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7	Amal Nigeria 1p	9	......	—	—	—
300	210	Ayer Hitam $M1	230	......	Q135c	0.7	14.0
210	98	Geevor	115	......	—	—	—
12	8	Gold & Base 12½p	12	+2	—	—	—
660	470	Gopeng Cons.	505	−5	17.0	1.2	4.0
525	310	Hongkong	380	......	21.0	φ	7.9
160	110	Idris 10p	155#	......	♦‡9.0	0.8	‡
*29	10	Jantar 12½p	20	−2	11.5	4.0	10.7
150	60	Kamunting $M0.50	100	......	†Q27½c	0.8	6.6
710	363	Killinghall $M1	650	−10	Q100c	φ	3.7
114	68	Malaysia Mng. 10c	68	......	Q25c	1.1	8.0
68	30	Pahang	32	......	‡0.63	0.8	‡
450	90	Pengkalen 10p	315	......	3.5	—	1.6
380	290	Petaling $M1	310	......	Q60c	φ	4.6
225	170	Sungei Besi $M1	170	−10	‡Q310c	1.1	‡
185	80	Supreme Corp. $M1	80	......	§Q15½c	φ	4.7
118	100	Tanjong 15p	100	−5	3.5	3.7	5.0
90	60	Tongkah H. Tin $Sa	75	......	Q25%	1.3	8.4
410	220	Tronoh $M1	220	......	‡Q110c	1.2	‡

Copper

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	230	−20	Q60c	5.2	13.9

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	20	Anglo-Dominion	35	+5	—	—	—
25½	12	Burma Mines 10p	15	......	0.75	0.9	7.1
330	75	Colby Res. Corp.	80	......	—	—	—
330	200	Cons. Murch. 10c.	240	......	Q60c	φ	13.3
10	5	‡‡Exploura Gold	0	......	—	—	—
98	47	††Hemerdon 10c.	60	......	—	—	—
180	65	Highwood Res.	80	+5	—	—	—
505	190	Northgate C$1	190	−10	—	—	—
633	372	R.T.Z.	423	......	16.0	2.3	5.4
£130½	£93½	Do.9½%Cv.Un.Ln.'95-2000	£99	−½	Q9½%	—	f9.8
103	13	††SPD Minerals 10p	14	......	—	—	—
47	15	Sabina Inds. C$1	16	......	—	—	—
44	21	‡Southwest C. 10p	37	−1	—	—	—
650	355	Tara Exptn. $1	400	−20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	42	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	415	−5
Craig & Rose £1	£12¼	......
Finlay Pkg. 5p	25½	......
Graig Ship. £1	£21	......
Higsons Brew	65	......
Holt (Jos) 25p	565	......
I.O.M. Stm. £1	122	......
Pearce (C. H.)	£10½	......
Peel Hldgs.	116½	......
Sheff. Refrshmt	80	......
Sindall (Wm.)	200	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£95¼	+⅛
Nat. 9¾% 84/89	£66	−⅛
Fin. 13% 97/02	£68½	−⅝
Alliance Gas	60	......
Arnott	210	......
Carroll (P.J.)	73	......
Concrete Prods.	90	......
Heiton (Hldgs.)	20	......
Irish Ropes	37	......
Jacob	63	......
T.M.G.	11xr	+1
Unidare	53	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	0	Woolworths	5
Babcock	16	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	19	Cap. Counties	10
Blue Circle	48	Lex Service	10	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lofs"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds.	20	Town & City	3½
Brown (J.)	7	"Mams"	12	**Oils**	
Burton Ord.	15	Mrks. & Spncr	12	Brit. Petroleum	26
Cadburys	9	Midland Bank	30	Burmah Oil	10
Courtaulds	8	N.E.I.	9	Charterhall	6
Debenhams	7	Nat. West. Bank	38	KCA	14
Distillers	15	P & O Dfd.	16	Premier	6
Dunlop	6½	Plessey	32	Shell	30
Eagle Star	31	Racal Elect.	35	Tricentrol	22
F.N.F.C.	4	R.H.M.	6½	Ultramar	38
Gen. Accident	28	Rank Org. Ord.	20	**Mines**	
Gen. Electric	65	Reed Intnl.	26	Charter Cons.	25
Glaxo	42	Sears	6	Cons. Gold	45
Grand Met.	17	Tesco	5½	Lonrho	7
G.U.S. 'A'	45	Thorn EMI	42	Rio T. Zinc	42
Guardian	25	Trust Houses	11		
G.K.N.	15	Tube Invest.	13		
Hawker Sidd	30	Turner & Newall	11		
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

FINANCIAL TIMES

Friday March 5 1982

Businessmen appeal to Reagan

BY DAVID LASCELLES IN NEW YORK

AMERICA'S TOP businessmen have appealed to President Reagan to make radical changes in bis economic policies to spare the country from prolonged recession and high interest rates.

Their appeal marked a significant departure for the businesa community, which gave an eothusiastic welcome to the Administration last year, and highlights growing disillusionment with "Reaganomics." It came when the stock market threatened to hit its lowest point in two years in exceptionally heavy trading.

The appeal was made by the prestigious Business Roundtable, a lobby representing most of the blue chip companies in America and headed by Mr Clifton Garvin, chairman of Exxon, the country's largest corporation.

At a private session of its 46-member policy making committee in New York earlier this week the group expressed deep concern about the record budget deficits caused by President Reagan's policy of cutting taxes and increasing defence spending, and urged the Administration to take forceful steps to put things right. The Roundtable warned that unless action was forthcoming high interest rates would postpone chances of economic recovery to the final quarter of this year.

The Roundtable urges:

- major and permanent cuts in index-linked social entitlement payments (such as welfare benefits);
- a slowdown in the defence build up;
- measures to increase revenue.

Entitlements have been a popular target for husinessmen for some time. The other two proposals are a radical departure for the business lobby, which was previously all for tax cuts and includes many hig companies who benefit hugely from higher defence outlays.

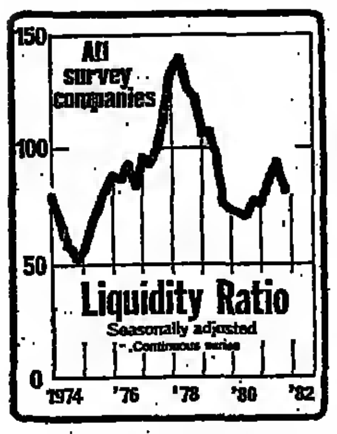
Revenue raising measures urged by the Roundtable are believed to include the postponement of part of Mr Reagan's three-year 25 per cent cut in personal income-tax, and abolition of the controversial tax leasing measure.

This measure allows loss-makiog companies to sell tax credits for cash to profitable ones who can make use of them. Over $15bn of these credits bave been traded since they were made legal last autumn and a movement is already afoot on Capitol Hill to put a stop to them.

The Roundtable is due to publish a formal statement of its position soon. Meanwbile, Mr Garvin and Mr Theodore Bropby, chairman of General Telephone and Electronics, the largest independent U.S. telephone company, went to Washington on Tuesday to put their views to the White House where they met Mr James Baker, the Chief of Staff.

Anatole Kaletsky in Washington adds: Mr Murray Weidenbaum, chairman of the Council of Economic Advisers, told the Senate budget committee yesterday that reducing the budget deficit would not provide an "instant cure for bringing down interest rates," just as Mr Paul Volcker, the Federal Reserve chairman, was telling another Senate committee that it should seek to increase taxes, as well as cutting spending, if it wanted to see a dramatic decline in interest rates.

Mr Weidenbaum said that economic research had found no direct correlation between interest rates and deficits, but Mr Volcker said be was certain that financial markets would respond dramtically if Congress adopted plans which would reduce budget deficits for 1983 and future years.



Company liquidity shows sharp fall

By Max Wilkinson, Economics Correspondent

THE liquidity of the company sector fell sharply in the last three months of 1981, according to a Department of Industry Survey published today.

The survey shows that companies' net current assets (seasonally adjusted) fell from a positive balance of £69m in the third quarter to a deficit of £905m in the fourth quarter.

Although the third quarter figure was unusually high, the deterioration underlines recent fears that the company sector may face a shortage of cash to finance a rehuilding of stocks and bigber investment, when the economy recovers.

A recent study by the London Business School suggested that companies would have to borrow some £3.4bn next year to finance a moderate economic recovery. This anxiety about the extent to which borrowing may have to increase is reflected in current discussions within the Bank of England and the Treasury.

The survey shows that the ratio of companies' current assets to current liabilities (the liquidity ratio) fell from 101 per cent in the third quarter to 87 per cent in the fourth quarter.

The figures reflect only the liquid part of companies' assets, and may be affected by any switching between short and *long term borrowings.*

However, they give an important indication of companies' total financial position which had been improving substantially since the start of 1980, mainly because of the rapid shedding of stocks.

Even so, liquidity last autumn was still well below its peak reached in the spring of 1978.

The survey, based on data from 210 large companies, is on a different basis from the figures for corporate sector finances used in the national accounts. These showed an improvement of liquidity from mid-1980 to mid-1981, hut a deterioration in the third quarter. Fourth quarter figures are not yet available.

Howell says British Rail must meet cost of strikes

BY LYNTON McLAIN

BRITISH RAIL will have to meet the costs of the recent rail strikes from its own resources, the Government said yesterday. BR's *short-term* borrowing limit, its "overdraft" would, bowever, be increased from £110m to £150m to give the hoard time to adjust to the £75m loss of revenue from the strikes.

The Government's decision, wbich will add to *financial* pressure on BR, could lead to an acceleration in job losses, cuts in train services, a further loss of business and a virtual halt to investment, BR said yesterday.

The 17 days of strikes by the train drivers' union, the Associated Society of Locomotive Engineers and Firemen, in the past two months may have caused permanent loss of customers for BR. The Post Office, BR's second biggest freight and parcels customer, hinted yesterday that it might take its *business elsewhere. This* contract was worth £49.8m to BR in 1980.

Mr David Howell, Transport Secretary, said in a Commons written answer yesterday "it would be wrong to meet BR's loss of revenue at the taxpayers' expense."

BR will exceed its £920m current external finance limit for 1981-82, by £35m to £45m as a result of the strikes. This overshoot will be cut from the stringent £950m borrowing limit *set for 1982-83.*

Making up for the overshoot will leave BR with up to 14 per cent less in borrowing powers for 1982-83, after taking account of inflation, than it had in the current year.

BR bas so far cut 1,100 jobs out of a planned total of 7,000 for the year from *its* workforce of 178,000. Job losses in 1982 could rise to more than 10,000 as a result of the financial pressure imposed by the Government.

Before the strikes, BR had decided to limit investment this year to £275m, two thirds of its £400m investment ceiling, because of pressures on its borrowing limit caused by the sharp fall in demand for rail services. The decision by tbe Government to cut next year's EFL by £35m to £40m "will bring investment almost to a halt in 1982," BR said.

Post Office bargains on rail contract, Page 9

CEGB directors face shake-up

BY RAY DAFTER, ENERGY EDITOR

THE STATE-OWNED Central Electricity Generating Board is threatened with a major shake-up. Four of the five full-time directors are due to seek reappointment in the next tbree months and there are signs that Mr Nigel Lawson, Energy Secretary seeking new blood.

It is understood Mr Lawson has approached possible replacements for one or more of the present board members, including Mr Glyn England, the chairman.

The Energy Department said yesterday no decision bad been taken on the board positions beld by Mr England, Mr Fred Bonner, deputy cbairman, and two executive directors, Mr Dennis Lomer and Mr Gil Blackman.

The continuing uncertainty is thought to be causing concern in the CEGB. Mr Blackman's five-year appointment expires at tbe end of this month. Mr Bonner's term of office expires in April and the appointments of Mr England and Mr Lomer end in May.

In spite of the continuing doubts about his future with the CEGB Mr England yesterday attacked the Government for its *criticism of state enterprises.* The remarks, made to staff in Leatherhead, Surrey, come when Mr Lawson is taking steps to curb tbe powers and influence of state-owned energy corporations

Mr England said: "There is a tendency, which I find regrettable, to use the public sector in general as a wbipping boy for the nation's present economic difficulties. It is not surprising if tbere is a feeling among staff that bowever bard they work, however well they face challenging times, tbey can in the eyes of some ministers, never get it rigbt simply because they work in a public enterprise."

- Mr John Moore, Parliamentary Under-Secretary of State for Energy, said yesterday the Government had given *approval to the National Coal* Board to invest £886m in the 1982-83 financial year. The programme would enable the NCB to continue its apending programme. sanctioned at £805m in the current financial year.
- The first pre-inquiry meeting *before the public* inquiry into the Sizewell B pressurised water reactor nuclear station—due to have been held on Marcb 22 and 23—has been postponed because Sir Frank Layfield, tbe inspector, is ill.

Recession hits Brazil energy programme

BY ANDREW WHITLEY IN SAO PAULO

BRAZIL IS slowing its energy installation programme—considered the most ambitious in the world—because of the recession and lower estimates of growth for the next two decades.

The decision bas wide implications for West European equipment suppliers, contractors and consultants—notably *West German, Swiss and French* companies, on the bydro-electric programme and Kraftwerkunion of Germany in particular on the nuclear programme.

Confirmation of the slowdown is incorporated in the revised version of "Plano 2000," the plan agreed at a meeting tbis week between President Joao Figueiredo, Sr Antonio Defim Neto, Planning Minister, and Cr Cesar Cals, Energy Minister.

The revised programme is a compromisa between the long-feuding nuclear and hydro-electric lobbies.

Both will suffer cuts and delays, but the essential elements of both programmes have been preserved.

The cost of the nuclear programme has recently been put a $24bn (£13.1bn) by Nuclebras, the state agency in charge of it. This is about double the original estimate.

Among the highlights of the revision are:

- The nuclear power programme limited to the nine reactors already planned, with a capacity total of 11,000 MW, bnt to be completed five years later than planned, by 2000.

The direct cost of the eigbt nuclear stations due to be supplied by Kraftwerkeunion has been put at $13.6bn.

- Only four of the eight reactors originally planned from West Germany can be considered firm. Their commissioning dates have been delayed.
- The Itaipn Binacional hydro-electric power plant, shared witb a Paraguay on the Parana River, will suffer an 18 months' delay through stretching out the installation of its 18,700-Mw turbines.
- Ten smaller hydro-electric power plants are to be delayed by two to six years. Half are in Sao Paolo State, where there is already considerable over-capacity.

The announcement of the slowdown came on the same day that Petrobras, the Brazilian stata oil company, said it intended to revise all its oil purchase contracts with foreign suppliers.

Satellite broadcasting go-ahead

Continued from Page 1

The companies plan to have their first satellite in orbit by late 1985 and to launch a second soon afterwards. A third will be built and kept on the ground as a spare.

The planned system will initially provide two television channels covering the UK and much of northern Europe and up to 500 telephone channels over an area that would include most of Europe and the eastern part of North America.

British Telecom would use some of the telecommunications channels for its own domestic and international services. It said it also planned to lease *some capacity* to international bodies like Intelsat, the inter-government organisation responsible for controlling satellite communications.

British Telecom indicated that it did not propose to lease capacity to Mercury, its recently-licensed independent competitor. *But it was offering Mercury* the right to supply earth stations for satellite services.

Arthur Sandles writes: The BBC promised two channels packed with new feature films, full length coverage of aports events, opera and drama as well as the pick of the world's other television stations when it starts its satellite services.

Mr Alasdair Milne, director general designate, said there will be no run down of the present BBC-1 and BBC-2 services as the new channels beam down their signals.

BBC reckons it will make "a modest profit" from charging for the extra services. The new films and sport will be purchased by viewers on a subscription basis and will be scrambled so they will not be *viewahle by non-subscribers.*

The other channel will only be there for those who have paid an additional fee. "It is no different from the extra fee for colour television," said the BBC.

Engineers at the BBC-TV headquarters at White City in West London showed a variety of television dish aerials designed to pick up the new signals. At first, with additional hlack boxes, these roof-top dishes are likely to cost £250 to £300, but should fall to little more than £200.

For later use the engineers showed a wall-fitting flat copper coloured aerial which would not need to be pointed skyward.

On programming Mr Milne said: "We thought we could put together something which would be really appealing and for which people would pay." He expected at least one channel to carry some ITV material.

"But we are absolutely adamant that we will keep faith with the viewers we now *serve. What we seek is to* provide an additional customer service. The licence fee-payer will benefit from the profit we make. This will be ploughed back into making programmes for the networks," he said.

The BBC would have six sound channels available. This raises the possibility of stereo television and of a superior radio service.

BP wins Ministers' backing in alcohol fight

By Sue Cameron, Chemicals Correspondent

THE GOVERNMENT has pledged support for BP Chemicals in its fight to prevent the EEC jeopardising the future of its synthetic alcohol business.

The EEC is proposing to distil large quantities of Europe's *wine surplus into* pure alcohol, which could then be sold into the synthetic alcohol market at subsidised prices.

BP Chemicals, Western Europe's biggest producer of synthetic alcohol, is understood to have warned the Government that it will close its UK plants and pull out of the business if the EEC proposals go through in their present form.

Yesterday representatives of the UK chemical industry, including Mr Robert Horton, managing director of BP Chemicals and vice-president of the Chemical Industries Association, met Mr Patrick Jenkin, the Industry Secretary, and Mr Alick Buchanan-Smith, Minister of State for Agriculture.

Both of them agreed to supported BP and the issue will be raised at the next European Council of Ministers meeting in 10 days' time.

The EEC tried in 1980 to unload wine and other agricultural based alcohols into the synthetic alcohol market. At the time BP Chemicals threatened to halt construction of a 155,000 tonnes a year synthetic alcobol plant at Grangemouth in Scotland. The £57m plant is now almost completed and is due to open in a few months.

Synthetic alcobol, chemically similar to pure alcobol distilled from wine, is made from petrochemical raw materials and used in manufacturing indnstrial solvents, toiletries, cosmetics and other products. The current price is ahout £500 a tonne. The total West European market for synthetic alcohol is put at 500,000 tonnes a year. There is no shortage of supply and BP Chemicals will soon have the capacity to prodnce 310,000 tonnes a year in the UK.

The EEC is proposing to distil part of the European wine lake into pure alcobol—at a subsidised cost of £2,000 a tonne. The Community already has a 300,000 *tonnes* stock of pure alcohol, distilled from wine. The European Commission estimates that the complsory distillation of surplus wine would bring an extra 140,000 tonnes a year of pure alcohol onto the market, depending *on the grape* harvest.

BP is being backed by its alcobol customers in the UK chemical, cosmetic and pharmaceutical industries. Initially they stand to gain from a price war between BP Chemicals and subsidised EEC pure alcobol producers.

Weather

UK TODAY

COLD AND showery.

S.E. and N.E. England, Midlands, S. and E. Scotland

Frost followed by outbreaks of rain. Max. 9C (48F).

S.W. England, Wales, N.W. England, W. Scotland, N. Ireland

Cloudy with some rain. Max. 8C (46F).

Outlook: Unsettled, windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	15	59	L. Ang.†		—	—
Algiers	S	23	73	Luxmbg.	C	7	45
Amsdm.	R	5	41	Luxor	S	24	75
Athens	C	13	55	Madrid	S	12	54
Bahrain	F	20	68	Majorca	S	19	66
Barclna.	C	14	57	Malaga	S	18	68
Beirut	S	18	64	Malta	S	16	61
Belfast	C	9	48	M'chstr	R	4	39
Belgrd.	S	13	55	Melbne.		—	—
Berlin	R	9	48	Mx. C.†		—	—
Biarritz	C	11	52	Miami†		—	—
Bmghm.	C	9	48	Milan	C	8	46
Blackpl.	C	7	45	Mntrl.†	Cl	−17	1
Bordx.	F	12	54	Moscow	Sl	3	37
Boulgn.	F	8	46	Munich	R	4	39
Bristol	C	9	48	Nairobi	S	30	86
Brussels	F	9	48	Naples	F	14	57
Budpst.	S	11	52	Nassau		—	—
Cairo	S	22	72	Nwcstl.	C	7	45
Cardiff	F	9	48	N York†		—	—
Cas'b'ca	F	18	64	Nice	C	13	55
Cape T.		—	—	Nicosia	F	18	64
Chicg.†	Sn	−5	23	Oporto	F	12	54
Cologne	C	9	48	Oslo	F	2	36
Cpnhgn.	R	4	39	Paris	C	9	48
Corfu	S	18	64	Perth		—	—
Denver†		—	—	Prague	F	8	46
Dublin	C	7	45	Rykjvk.	C	2	36
Dbrvnk.	S	14	57	Rhodes	C	15	59
Ednbgh.	F	9	48	Rio J'o†		—	—
Faro	S	17	63	Rome	S	15	59
Florence	S	13	55	Salzbrg.	C	7	45
Frankft.	R	8	46	S'cisco†	C	8	46
Funchal	C	17	63	S. Mritz.		—	—
Geneva	R	5	41	Singapr.		—	—
Gibrltr.	S	18	64	S'tiago†		—	—
Gl'sg'w	F	8	46	Stckhm.	C	5	41
G'rnsey	S	9	48	Strasbg.	C	7	45
Helsinki	C	1	35	Sydney		—	—
H. Kong	C	19	66	Tangier	F	17	63
Innsbrk.	S	9	48	Tel Aviv	S	19	66
Invrnss.	C	7	45	Tenerife	S	20	68
I.o.Man	C	9	48	Tokyo		—	—
Istanbul		—	—	T'r'nto†	F	−10	14
Jersey	C	8	46	Tunis	S	18	64
Jo'burg	C	23	73	Valencia	F	20	68
L. Plms.	F	20	68	Venice	C	10	50
Lisbon	S	13	55	Vienna	S	9	48
Locarno	S	9	48	Warsaw	F	7	45
London	C	9	48	Zurich	R	3	37

C—Cloudy. Cl—Clear. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

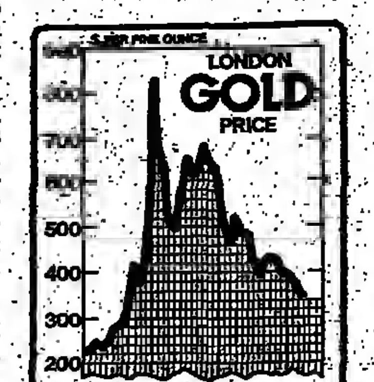
THE LEX COLUMN

Counter-attack on the Revenue

There is nothing quite like a gentle tug on the reins by the Bank of England to get the markets champing at the bit. The Bank is still refusing to lower its dealing rates on eligible bills, although its last buying-in rate for three-month paper, 13⅝ per cent, is half a point above the level at which bills bave been changing hands in the market. So once again the bulk of money market assistance yesterday bad to be channelled through sale and repurchase agreements on bills; such operations bave totalled £1.6bn in tha last three days.

Nevertheless, gilt-edged showed gains of nearly a point at the long end. So far this year Exchequer 15 per cent 1997 has risen by 1½ points, excluding accrued interest, and since the beginning of February, while the equity market has been subdued, the yield gap between high coupon long-dated gilt-edged and the All-Share Index bas narrowed from 9.2 to 8.2 percentage points.

Index rose 1.5 to 556.7



Tax avoidance

It is a rare issue, and an even rarer tax issue, that prompts Britain's bluest of blue chip companies into anguished public protest. But the proposed legislation on international tax avoidance bas loosened the tongues of companies of the calibre of ICI, BAT Industries, Shell and Unilever, which few would care to tar with the tax-avoiding brush. And their objectives is simple: to kill the proposed legislation before it gets near the statute book.

The legislation has not been put forward in order to hamper the big names of British business, and the fact that they feel threatened by it might be expected to weigh heavily with the Government. Apart from the perceived threat to a group's internal financial arrangements, there are fears that the proposals on corporate residence might result in a clawback of past relieved tax.

The companies are also uncertain about the status of their foreign holding companies, which might fail the Revenue's litmus test of "genuine trading." And perhaps most critically, the proposals on intra-group loans would hamper a parent company in its role as central banker to its group. This provision seems to reflect the way the Inland Revenue bas never resigned itself to the abolition of exchange controls.

The concern on this front mirrors fears in the City that its entrepot function may be undermined. International funds are apparently already thinking twice about having their funds managed—and therefore possibly resident—in the UK.

Gencor

Yesterday's slide in the London gold price — it closed $9¼ lower at $344¼ — provided an uncomfortable introduction to the 1981 figures of General Mining Union Corp. But the late afternoon announcement of an 18.6 per cent rise in attributable profits to R319.8m (£178.7m) helped to repair the damage. The shares closed well off their worst, at 795p, but were still 35p on the day.

Like the rest of the mining finance sector, though, Gencor is deep in the doldrums. Yesterday's dividend increase pushed the yield to a beady 13.4 per cent, although the company is making noises about maintained 1982 earnings. The problem is that the group's tentative forecast could be aborted by either the gold price or the Reserve Bank.

Last year's gold income showed a marginal increase as the 25 per cent depreciation of the rand against the dollar offset a gold price which was 25 per cent lower on average. But the authorities are apparently now defending the rand's one-to-one parity with the dollar, so the impact of an average price around $350 could be very damaging. Moreover, platinum income is already coming under severe pressure. Gencor is running well below capacity despite 15 per cent production cutbacks at Impala and the producer price of $475 is looking pretty fragile with free market prices at around $331.

So the running may again be made by the industrial and commercial interests, which accounted for 38.3 per cent of earnings last year. Gencor has been spending heavily on these operations — hence the much higher interest charge and lower tax rate—but the South African economy is at last feeling the pinch of the gold price collapse. Gencor may well maintain its earnings, but the market is taking little on trust.

Banks and industry

The clearing banks have gone to considerable trouble to hit back at recent critics of their approach to industrial lending, with the publication of a lengthy point-by-point rebuttal. The most recent criticism has come from the Grylls committee of Conservative backbenchers, though this bas ooly been the latest vehicle to promote the views of the dogged economist Mr George Edwards who is determined to impose a Japanese financing structure upon British industry. Previously he joined up with Lord Lever to attack the banking system. Certainly the Committee of London Clearing Banks has done an effective demolition job, principally by showing that many of the alleged sbortcomings of the Britisb hanks are hased upon misleading statistics.

In the wake of the Laker Airways crash it seems harsh to accuse British banks of being reluctant to lend or being over-fussy about gearing ratios. The paper argues that if the statistics are recast on a comparable basis the financing structure of industry in the UK, France and Germany is really quite similar, and it is Japan that is the odd country out rather than the UK.

It would have been more interesting, however, if the banks had stepped back a little from the statistical slanging match and said something about their overall strategy, which appears to be to expand internationally and in the personal sector rather than by chasing domestic industrial and commercial business. But it is worth noting that although the clearers dismiss the Grylls analysis, they would not necessarily be opposed to the Grylls proposals to make borrowing by industry easier and cheaper.